



Utah Counties Insurance Pool  
*Serving Counties Since 1992*

## AGENDA

**BOARD OF TRUSTEES MEETING**  
December 18, 2003, 9:00 a.m.  
Utah Counties Insurance Pool Building  
5397 South Vine Street, SLC, UT

**PLEASE READ:** Minutes

**PLEASE BRING:** Yourself and all attachments included with this agenda.

---

Call to Order	Dan McConkie
Review of Board Members Absent	
Approval of November Minutes	

---

ITEM	INFORMATION	
1	Receive Third Quarter Financial Statements	Robb Enger
2	Status of Building Agreement	Dan McConkie
3	Risk Management Information System Update	Steve Schmutz
10:00	Recess for Public Hearing on 2004 UCIP Budget	
	Reconvene	
4	Broker's Report	John Chino
5	Director's Report	Lester Nixon
6	Loss Control Manager's Report	Mark Brady

---

ACTION	
7	Adopt Final Budget (2004) Lynn Lemon
8	Approve Investment Policy Amendment
9	Elect Officers Dan McConkie
10	Set Date, Time and Place of Regular Meetings for 2004
11	Hire Claims Staff Lester Nixon
12	Approve Member Agreement with County Reinsurance, Limited
13	Approve Advisory Standards Recognition Application to AGRiP
14	Approve Net Assets Account for Designated Funds
15	Appoint Representative to County Reinsurance Limited
16	Request from Juab County Regarding Special Service Fire District
17	Travel Reimbursement for Committee Members
18	Approve Staff Holiday Change Request
19	Workers Compensation Pool
20	Approve WC Claims Contract with Alternative Service Concepts
21	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation Dan McConkie
22	Action on Litigation Matters Kent Sundberg
23	Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual
24	Ratification and Approval of Payments Gene Roundy

---

Wrap-up	
Other Business	
Next Meeting	
Adjourn	

---

**ADDITIONAL INSTRUCTIONS:** The Coverage Committee (Ken Bischoff, Jerry Grover and Kent Sundberg) will meet immediately following the Board of Trustees meeting.





Utah Counties Insurance Pool  
*Serving Counties Since 1992*

## MINUTES

December 18, 2003, 9:00 a.m.

Utah Counties Insurance Pool Building, Murray, Utah

### BOARD MEMBERS PRESENT

Dan McConkie, *President*, Davis County Commissioner  
Lynn Lemon, *Vice President*, Cache County Executive  
Gene Roundy, *Secretary-Treasurer*, Iron County Commissioner  
Steve Baker, Davis County Personnel Director  
Ken Bischoff, Weber County Commissioner  
Kay Blackwell, Piute County Commissioner  
Jim Eardley, Washington County Commissioner  
Jerry Grover, Utah County Commissioner  
Ira Hatch, Emery County Commissioner  
Ed Phillips, Millard County Sheriff  
Kent Sundberg, Utah County Deputy Attorney  
Steve Wall, Sevier County Clerk-Auditor

### OTHERS PRESENT

Lester Nixon, Director  
Mark Brady, Loss Control Manager  
Sonya White, Executive Assistant  
Korby Siggard, VeriClaim, Claims Manager  
John Chino, Arthur J. Gallagher, Vice President  
Robb Enger, Larson & Company  
Steve Schmutz, Mountain View Software

### CALL to ORDER

Dan McConkie called the meeting to order at 9:00 a.m. and welcomed those in attendance.

### REVIEW of BOARD MEMBERS ABSENT

All Board members were in attendance.

### APPROVAL of MINUTES

The minutes from the Board of Trustees meeting on November 12, 2003 were previously sent to the Board for review. Steve Wall made a motion to approve the November 12, 2003 meeting minutes as written. Ed Phillips seconded the motion, which passed unanimously.

### RECEIVE THIRD QUARTER FINANCIAL STATEMENTS

Robb Enger reviewed the September 2003 Financial Statements with the Board of Trustees (see attachment #1). The key numbers include the accounts and net assets listed on the Balance Sheet, page 2. The cash balance is at \$2.1 million compared to \$1.5 in 2002, due to Pool investing in government securities. It is important to remember that the amounts in the Liabilities and Net Assets section, which include allocated expenses, reserve amounts for claims to be paid, unallocated loss adjustment expenses and incurred but not reported, are estimated. Net Assets at \$5.9 million have decreased \$400,000 from 2002 due to the change in net assets and premiums earned on a prorate basis as shown on the Statement of Revenue and Expenses, page 3. Investment Income is at 99% of budget because the Pool is earning a higher rate on its



investments. The loss and loss adjustment expense at \$1.97 million includes cash paid and the amount the Pool has agreed to fund for losses. This is the most conservative way to account for losses and adjustments. Cash flow is a reconciliation of income to cash, page 4. This number is tied to the Balance Sheet including the Appropriated Net Assets or Board designated assets. The audited financial statements will not have Board designated assets. Jerry Grover asked if assets will be capitalized when the building agreement is finalized and if reserves for the building will continue to be carried. Robb explained that if the building is an asset it will be depreciated over the life of the building and the building reserves will continue to show as assets if the Board decides to put these reserves aside. Lynn Lemon suggested that it would be helpful to have a prior year column and a difference column. Robb explained that the financials are for management purposes and can have as much information as the Board would like; he will add the two columns to all future financials prepared for the Board. Larson & Company will start the Audit in February. Because Robb prepares the monthly financials, someone else from Larson & Company will conduct the audit. Robb does not anticipate any concerns or problems. The Board thanked Robb for his financial review.

#### STATUS of BUILDING AGREEMENT

Dan McConkie reported that he spoke with LaMar Guymon, President of the Utah Association of Counties (UAC), regarding the status of the Building Agreement between UAC and the Utah Counties Insurance Pool (UCIP). Apparently, LaMar was unaware that UCIP needed the agreement right away and was willing to try to get it finalized in the next month or two. LaMar explained that the agreement has been going back and forth with an attorney and clarification has been requested on a couple of items from some of the counties. LaMar was put into the office of President in November and apologized for not being up to speed on this issue. Dan explained to LaMar that UCIP must have documentation as to the percentage of ownership it has in the building, build-out possibilities to house additional employees and building management expenses that UAC anticipates charging UCIP. Brent Gardner gave Dan the impression that the agreement would be on the November UAC Board agenda but it was not. Dan asked Brent for a copy of the draft agreement so that the UCIP Board could begin reviewing it but Brent would not release it. Several of the Board members voiced concern that it has been almost a year in which the agreement has been in the process of being drafted. Dan will continue to follow-up and report to the Board.

#### RISK MANAGEMENT INFORMATION SYSTEM

Steve Schmutz, Vice President of Mountain View Software, explained that ClaimZone, Mountain View's Risk Management Information System, is being used all over the world. In June 2002, Mountain View became part of Gallagher Bassett. Steve reported that Mountain View has installed ClaimZone on the computers at the UCIP office and has conducted initial training with the adjusters. The data conversion is being made and will be ready for the January 5 start-up date. A browser version is forthcoming that will allow member counties the capability of viewing their data online. Kent Sundberg asked if the monthly reports will look the same. Korby Siggard said that they look similar and Lester Nixon added that by mid-year counties will be able to view data online. Claim notice reporting will continue to be made online through the UCIP website.

#### BROKER'S REPORT

John Chino reviewed the Crime coverage draft proposal with the Board that he and Lester Nixon have been marketing (see attachment #2). Although there are not many crime losses, the counties need crime coverage statutorily to cover money, securities, electronic funds, employee fidelity and embezzlement. Travelers is proposing a \$1 million limit with increased limits for Washington and Weber County who need \$1.5 million to cover their Treasurers at the limit required by the Utah Money Management Council. John was not sure if the limit is per employee or per loss but will find out for the Board. Jerry Grover questioned whether the counties still need to purchase a separate bond for their Treasurers. Statutorily, crime coverage can be purchased by the county as a group instead of individually due to the June 2003 change in legislation, replied Lester. The Pool can provide this coverage to all members at a cost of \$32,844.

John reviewed the excess Workers Compensation proposals with the Board that he and Lester have been marketing. The recommended cost option for statutory workers comp limits and \$2 million employer liability is through County Reinsurance, Limited at a premium of \$275,530 with excess over \$2 million through Safety National at a premium of \$100,000. The CRL capitalization fee is \$81,495 and the Arthur J. Gallagher broker fee is \$25,000. These rates are based on all counties participating. Lester Nixon explained he has worked with Safety National over several years and was very happy with them. The actuary has provided premium



calculations for the counties and notices were sent to the members yesterday. Three counties have committed already and 20-25 are needed to make the program viable. Most counties have a January 1 renewal and the others are scattered dates. The third-party claims administration is set-up and will be providing all claims services at an anticipated higher level than the counties have been use to with their prior carrier.

#### RECESS for PUBLIC HEARING on 2004 UCIP BUDGET

At 10:00 a.m., Dan McConkie called a recess of the Board of Trustees meeting to hold a public hearing on the 2004 budget as required by the State Auditor (see attachment #3). No additional attendees came to the public hearing. Dan reconvened the Board meeting.

#### DIRECTOR'S REPORT

Lester Nixon reported that Summit County has decided not to join the Pool at this time due to their ongoing land use claims and one large anti-trust claim. Tooele County is meeting with their current broker on Monday, December 22 and Lester is scheduled to meet with the Commission on Tuesday, December 30.

Lester explained that he and Sonya White are working to have all the counties' exposure information on the website in anticipation of the 2005 renewal so that counties can update their information online.

#### LOSS CONTROL MANAGER'S REPORT

Mark Brady reviewed the charted claims statistics with the Board (see attachment #4). The reports focused on net incurred claim frequency by type, net incurred claim severity by type, net incurred auto claim frequency by hazard, net incurred auto claim severity by hazard description, net incurred property claim frequency by type of hazard and net incurred property claim severity by type of hazard. Two large auto losses cost the Pool \$280,000. There are measures in the Risk Management Program for drivers with two or more accidents. The drivers of these two large losses did not have any other incidents. Mark explained that the Pool recommends that the counties have an accident review board and a safety committee.

Mark has completed the risk management reviews and provided the Board with a spreadsheet showing which counties qualify for a premium credit and what the credit calculated to be with a three percent maximum credit (see attachment #5). A five percent maximum was also calculated for consideration by the Board. Mark anticipates that by increasing the percentage, participation will also increase. Credits are an offset to premiums. Each percentage costs the Pool about \$27,000. A five percent payout will offset the losses with higher participation in the risk management program. There were 10 counties that failed to qualify under the programs prerequisites—the worse participation since 2000. Jerry Grover said that the commissioners/council members should be made aware if their county did not qualify for a credit because the information was not submitted on time. Ken Bischoff made a motion to increase the three percent possible Risk Management Program credit to five percent. Lynn Lemon seconded the motion, which passed unanimously.

#### ADOPT FINAL BUDGET (2004)

The Board approved the tentative 2004 budget at its October 16 meeting. There were no changes to be made to the tentative budget. Lynn Lemon made a motion to adopt the 2004 budget. Ed Phillips seconded the motion, which passed unanimously. The budget for the workers compensation program will be presented to the Board at its next meeting.

#### INVESTMENT POLICY AMENDMENT

Lynn Lemon reported that the Audit Committee discussed concerns raised by Ira Hatch regarding the signature requirement change made to the Investment Policy at the September 17 meeting. The Audit Committee proposes changing V.C. to read: *...no funds shall be transferred out of or between the separate accounts at any time, for any reason, without the signature of at least ~~one~~ two of the three following individuals authorized by the Board of Trustees to approve the transfers; UCIP Director, President or Vice President of the Board of Trustees (one individual can authorize via telephone).* Jerry Grover made a motion to amend the Investment Policy as presented. Steve Wall seconded the motion, which passed unanimously.



#### ELECT OFFICERS

Pursuant to Article 6.1 of the Bylaws: *Officers shall be elected by and from among the Trustees, at the first Board meeting following each annual meeting of the Members.* Currently the officers are: Dan McConkie, *President*; Lynn Lemon, *Vice President*; and Gene Roundy, *Secretary/Treasurer*. Jim Eardley made a motion to elect the Trustees currently holding principle officer positions. Ed Phillips seconded the motion, which passed unanimously.

#### SET DATE, TIME and PLACE of REGULAR MEETINGS for 2004

Lynn Lemon made a motion to set the date, time and place of the regular Board of Trustees meetings for the third Thursday of each month at 9:00 a.m. at 5397 South Vine Street, Murray, except the April meeting will be held in conjunction with the UAC Management Conference (April 21), the May meeting will be held in conjunction with the Personnel Workshop (May 12), the June meeting will be held in conjunction with the Board Retreat (June 3) and the November meeting will be held in conjunction with the UAC Annual Convention (November 10). Gene Roundy seconded the motion, which passed unanimously.

#### HIRE CLAIMS STAFF

Lester Nixon requested authorization by the Board to extend employment offers to Korby Siggard and Charmaine Green (see attachment #6). Lester recommends hiring these employees at their current rate of pay with VeriClaim, offer benefits under UCIP's schedule and give credit for vacation earned with VeriClaim. Steve Wall made a motion to hire Korby Siggard as the Claims Manager and Charmaine Green as Claims Specialist pursuant to the Director's recommendations. Steve Baker seconded the motion, which passed unanimously.

#### APPROVE MEMBER AGREEMENT with COUNTY REINSURANCE, LIMITED

A copy of the Member Agreement between County Reinsurance, Limited and the Utah Counties Insurance Pool was provided to the Board for review (see attachment #7). Lester Nixon explained that it is similar to the Pool's Interlocal Agreement with the counties. Ken Bischoff made a motion to approve the agreement and authorize the President to sign. Kent Sundberg seconded the motion, which passed unanimously.

#### APPROVE ADVISORY STANDARDS RECOGNITION APPLICATION to AGRiP

Lester Nixon explained that he has not completed AGRiP's Advisory Standards Recognition application for the Board's review and requested this item to be deferred until the document is ready to be approved.

#### APPROVE NET ASSETS ACCOUNT for DESIGNATED FUNDS

Lester Nixon explained that when the Utah Association of Counties transferred the agreed-upon funds to UCIP, reserves for the building, building repairs & maintenance, and automobiles were included. These reserves are being shown as an equity item on the budget but the Board did not, by formal motion, approve these designations. In working with the auditors, Lester recommended that the Board designate these funds within the overall fund balance as appropriated net assets and carrying them over from year to year. Lynn Lemon made a motion to designate the Automobile, Building Debt Service and Building Repairs & Replacement appropriated net assets from the 2003 budget year and appropriate the net assets in the 2004 budget year. Gene Roundy seconded the motion, which passed unanimously.

#### APPOINT REPRESENTATIVE to COUNTY REINSURANCE, LIMITED

Lester Nixon explained that County Reinsurance, Limited requires a resolution of the Board to appoint a representative to CRL. Gene Roundy made a motion to execute Resolution No. 2003-3 Approving a Representative to County Reinsurance, Limited (see attachment #8). The Board of Trustees of the Utah Counties Insurance Pool agrees to join with the county pools of other states in participating in County Reinsurance, Limited and appoints Lester Nixon as its official representative to County Reinsurance, Limited. Ken Bischoff seconded the motion, which passed unanimously.

#### REQUEST from JUAB COUNTY REGARDING SPECIAL SERVICE FIRE DISTRICT

Juab County has requested that the Board consider covering the Juab Special Service Fire District as an entity controlled by the County. The County provided summary information for the District, which Lester reviewed



with the Board (see attachment #9). Policy interpretation questions involve the budget and qualifying appointees. Jerry Grover said that fire districts are separate legal entities and would be sued separately. Steve Baker made a motion to deny Juab County's request to cover the Fire District under the County's umbrella and that the Board redefine 'controls over the entity' in the Joint Policy Statement. Jim Eardley seconded the motion, which passed unanimously. The Board directed Lester to draft a letter to Juab County explaining that if the Fire District's Board was reconfigured it would meet the criteria for coverage.

#### TRAVEL REIMBURSEMENT for COMMITTEE MEMBERS

At the November 12 meeting, Lester Nixon briefly discussed with the Board the possibility of reimbursing Law Enforcement Committee members for their travel expenses. Lester realized that if this became a policy for the Law Enforcement Committee, then all UCIP Committees would need to be reimbursed. Ed Phillips said that most of the Law Enforcement Committee members drive county vehicles and would not need reimbursement. Kent Sundberg said that Litigation Management Committee members turn in mileage to the county. Ed Phillips made a motion that expense reimbursement will not be allotted for Committee members. Lynn Lemon seconded the motion, which passed unanimously.

#### APPROVE STAFF HOLIDAY CHANGE REQUEST

Lester Nixon requested that the Board consider allowing staff to trade the day after Christmas for Veteran's Day and the day after New Year's for Martin Luther King Day since these days fall on a Friday. Lester is not requesting that the Personnel Policies be changed; this is just a one time request. Lynn Lemon made a motion to request the two holiday trade requests for the UCIP staff. Jim Eardley seconded the motion, which passed unanimously.

#### WORKERS COMPENSATION POOL

Lester Nixon reported that acceptable reinsurance for the Workers Compensation Program has been secured. The third-party claims administrator is ready to do business. The adjuster is housed off-site since there is no space available in the Utah Counties Insurance Pool (UCIP) building. Premium quotes were sent to all member counties yesterday. Carbon, Emery and Sanpete Counties have already requested UCIP to bind coverage effective January 1, 2004.

#### APPROVE WORKERS COMP CLAIMS CONTRACT with ALTERNATIVE SERVICE CONCEPTS

A copy of the Claims Service Agreement between Utah Counties Insurance Pool (UCIP) and Alternative Service Concepts (ASC) was provided to the Board for review (see attachment #10). Lester Nixon reported that Robert Bennett, CEO, has been with ASC since its inception in 1995 and has done work for Counties Reinsurance, Limited. ASC has several county clients so they know county business. Lester recommended that UCIP negotiate some items in the Agreement. Estimated expenses of \$181,998 should be closer to \$150,000. Change from a Cost-Plus Contract to a Base Contract so that fees are charged only if additional services must be provided. Index reporting should be conducted on all lost time claims at no additional cost. ASC has written the Agreement with a three-year term but Lester recommends the Board request a two-year contract then look at bringing the claims in-house. The local adjuster hired by ASC is a 20 year veteran of the Utah Workers Comp Fund. Steve Baker had several questions regarding designated medical providers, health network, rehab, etc. that Lester explained would be handled by ASC and provided to the counties in a claims information packet. Steve also wanted a schedule of all county premiums, fund balances, budget and all outlining documents. Lester explained that since the inception of the Program was moved from July 2004 to January 2004 he did not have all documentation available for this meeting. Great progress has been made in the limited time staff was given. Everything is set and ready to go for January 1. The Board of Trustees will be the governing body for the Workers Comp Program. Jim Eardley made a motion authorizing Lester Nixon to finalize the set-up of the Workers Compensation Program and to accept the Contract/Agreement with Alternative Service Concepts with authorization given to Lester Nixon to negotiate the fee and contract period. Ira Hatch seconded the motion, which passed 11-1, Steve Baker dissenting.

#### SET DATE and TIME for CLOSED MEETING

Lynn Lemon made a motion to set the date and time for a closed meeting to discuss pending or reasonably imminent litigation for December 18, 2003 at 12:30 p.m. Steve Wall seconded the motion, which passed unanimously.



Jim Eardley made a motion to conclude the closed meeting to discuss pending or reasonably imminent litigation on October 16, 2003 at 12:40 p.m. Lynn Lemon seconded the motion, which passed unanimously.

#### ACTION on LITIGATION MATTERS

Kent Sundberg made a motion to extend settlement authority up to an amount of \$125,000 on claim number WEB00088040. Lynn Lemon seconded the motion, which passed unanimously.

Kent Sundberg made a motion to authorize settlement authority up to an amount of \$140,000 on claim number WEB03089480. Steve Wall seconded the motion, which passed unanimously.

#### SET DATE and TIME for CLOSED MEETING

Jim Eardley made a motion to set the date and time for a closed meeting to discuss the character, professional competence, physical/mental health of an individual for December 18, 2003 at 12:42 p.m. Gene Roundy seconded the motion, which passed unanimously.

Jim Eardley made a motion to conclude the closed meeting to discuss the character, professional competence, physical/mental health of an individual for December 18, 2003 at 1:05 p.m.

Steve Baker made a motion to approve Lester Nixon's recommendation for Mark Brady's salary. Gene Roundy seconded the motion, which passed unanimously.

Steve Baker made a motion authorizing the officers of the Board to conduct Lester Nixon's annual review. Kent Sundberg seconded the motion, which passed unanimously.

Gene Roundy made a motion directing Lester Nixon to draft a salary structure plan to present to the Board. Steve Baker seconded the motion, which passed unanimously.

#### RATIFICATION and APPROVAL of PAYMENTS

Gene Roundy presented a list of the payments made and the payments to be made to the Board (see attachment #11). Gene Roundy made a motion to approve the payments made and authorize the pending payments to be made. Jim Eardley seconded the motion, which passed unanimously.

#### OTHER BUSINESS

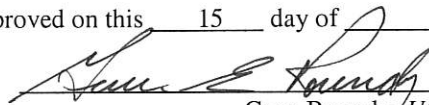
Lynn Lemon explained that he was approached following the Membership Meeting in November with questions regarding the staff's benefit package. The member felt that the staff's benefits were high compared to salaries. Lester stated that the staff's benefits are the same as they were receiving through the Utah Association of Counties as the Board had directed. The percentage to salary is approximately 50%. Lynn stated that Cache County is 40%, Steve Wall stated Sevier County is 60%, Kent Sundberg stated Utah is 42% and Jim Eardley stated Washington County is 50%. Jerry Grover added that UCIP staff benefits may be high because salaries are lower. Lester will review the benefits along with the salary structure so that the Board can respond to the membership.

Upcoming conference training dates are: PRIMA, June 13-16 in Ft. Lauderdale, FL; NACo, July 12-16, Phoenix, AZ; and AGRiP, October 17-20 in Hershey, PA. Sonya White will forward information on these conferences as it becomes available.

The next meeting of the Board of Trustees will be held at the Utah Counties Insurance Pool Building on January 15, 2004 at 9:00 a.m.

Respectfully submitted by Sonya White, Executive Assistant.

Approved on this 15 day of January 2004

  
Gene Roundy, UCIP Secretary-Treasurer



# AFFIDAVIT OF DAN McCONKIE

STATE OF UTAH )  
 )  
 ) :ss  
COUNTY OF SALT LAKE )

Dan McConkie, being duly sworn upon oath, deposes and says:

1. That the affiant has personal knowledge of the matters hereinafter referred to in this Affidavit.


2. That the Affiant, on or about the 18 day of December, 2003, presided over a meeting of the Utah Counties Insurance Pool Board of Trustees, an open and public meeting within the provisions of Chapter 4, Title 52, Utah Code Annotated, 1953, as amended.

3. That a quorum of the Utah Counties Insurance Pool Board of Trustees was present and at least two-thirds of the members present, voted to close the meeting pursuant to the provisions of Section 52-4-4, Utah Code Annotated, 1953, as amended, for the purpose of discussing the character, professional competence, or physical or mental health of an individual.

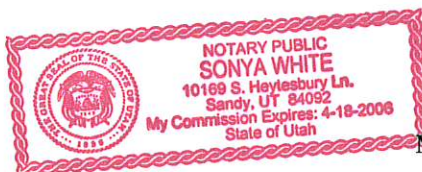
4. That the affiant was present throughout the meeting and, pursuant to the provisions of Section 52-4-7.5, the affiant does hereby affirm that the sole purpose for closing the meeting was to discuss the character, professional competence, or physical or mental health of an individual or individuals.

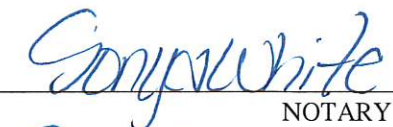
FURTHER, Affiant saith not.

DATED this 15 day of January, 2004.

  
DAN McCONKIE, President  
Utah Counties Insurance Pool

On the 15 day of January 2004, personally appeared before me Dan McConkie, who, after being by me duly sworn, deposed and said that the information contained in the above and foregoing Affidavit is true and correct.



  
NOTARY PUBLIC  
Residing at: Sandy, UT  
My Commission Expires: 4-18-06



# **UTAH COUNTIES INSURANCE POOL**

Financial Statements  
and  
Accountants' Compilation Report

September 30, 2003



LARSON & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

## ACCOUNTANTS' COMPILATION REPORT

The Board of Trustees  
**Utah Counties Insurance Pool**

We have compiled the accompanying balance sheet of **Utah Counties Insurance Pool** as of September 30, 2003, and the related statements of revenue, expenses, and changes in net assets and cash flows for the nine months then ended and the accompanying supplementary schedules, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of the owners. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

*Larson & Company*

Sandy, Utah  
October 17, 2003

# UTAH COUNTIES INSURANCE POOL

## Balance Sheet

As of September 30, 2003

### ASSETS

#### **Current assets:**

Cash and cash equivalents \$ 2,118,920

#### **Receivables:**

Accounts receivable \$ 3,765

Accrued investment income receivable 62,568

**Total receivables** 66,333

#### **Prepaid expenses:**

Other prepaid expenses 40,190

Prepaid reinsurance expense 338,686

**Total prepaid expenses** 378,876

**Total current assets** 2,564,129

**Investments** 7,559,538

**Total assets** \$ 10,123,667

### LIABILITIES AND NET ASSETS

#### **Current liabilities:**

Reserves for loss and loss adjustment expenses \$ 3,070,627

Premiums paid in advance 160,995

Payroll liabilities 7,035

Unearned premium 964,520

Building related payables 14,500

**Total current liabilities** 4,217,677

**Total liabilities** 4,217,677

#### **Net assets:**

Capital \$ 2,233,303

Unrestricted 3,563,311

#### **Appropriated net assets:**

Auto 28,420

Building debt service 60,235

Building repairs and maintenance 20,721

**Total net assets** 5,905,990

**Total liabilities and net assets** \$ 10,123,667

The accompanying notes to financial statements  
are an integral part of these financial statements. 2

See accountants' compilation report.

**UTAH COUNTIES INSURANCE POOL**  
**Statement of Revenue, Expenses, and Change in Net Assets**  
**For the Nine Months Ended September 30, 2003**

<b>Income:</b>		
Premiums and other considerations	\$ 2,966,333	
Investment income	156,261	
Realized gain (loss) on investments	(145)	
Administration fee reimbursement	22,894	
Miscellaneous income	1,812	
	<hr/>	
<b>Total income</b>		<b>\$ 3,147,155</b>
<b>Benefits:</b>		
Losses and loss adjustment expenses	1,969,709	
Reinsurance expense	1,035,540	
	<hr/>	
<b>Total benefits</b>		<b>3,005,249</b>
Accounting	14,080	
Actuary	7,386	
Auto Expense	2,061	
Bank Expense	244	
Brokerage Expense	60,000	
Board Expense	24,162	
Building - Maintenance	1,814	
Copying	(24)	
Dues & Subscriptions	3,067	
Exhibitions and Sponsorships	3,880	
Information Technology	2,260	
Insurance	5,880	
Miscellaneous Expense	(3)	
Lease Purchase (Debt Service)	66,805	
Loss Control - Training	10,283	
Office Equipment	2,602	
Office Supplies	1,788	
Postage	753	
Premium credits and incentives	77,401	
Printing	1,685	
Professional Fees	12,405	
Staff Expenses	20,635	
Staff Salaries	129,892	
Staff - Payroll Misc.	9,408	
Staff retirement	24,879	
Staff Medical Insurance	24,699	
Telephone	3,216	
	<hr/>	
<b>Total administration expenses</b>		<b>511,258</b>
<b>Total benefits and expenses</b>		<b>3,516,507</b>
<b>Change in net assets</b>		<b>(369,352)</b>
Net assets, beginning of year		<u>6,275,342</u>
<b>Net assets, end of year</b>		<b><u>\$ 5,905,990</u></b>

The accompanying notes to financial statements  
are an integral part of these financial statements. 3

See accountants' compilation report.

**Reconciliation of change in net assets to net cash provided by operating activities:**

Change in net assets		\$ (369,352)
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>		
Interest received on investments	(156,261)	
Realized (gain) loss on investments	145	
<b>Changes in assets and liabilities:</b>		
Decrease in accounts receivable	124,795	
Increase in prepaid expenses	(378,876)	
Decrease in reserves for estimated liabilities	(215,856)	
Increase in pass through premium	(3,974)	
Increase in unearned premium	964,520	
Increase in accounts payable	20,355	
Decrease in premiums paid in advance	<u>(450,876)</u>	
<b>Total adjustments</b>		<u>(96,028)</u>
<b>Net cash flows provided by operating activities</b>		<u><u>\$ (465,380)</u></u>

# UTAH COUNTIES INSURANCE POOL

## Notes to Statutory Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

Utah Association of Counties Insurance Mutual (the Mutual), was incorporated in December 1991 as a non-profit public agency insurance mutual under the mutual insurance statutes of the State of Utah as a self-insurance program to cover property and liability claims for counties who are members of the Mutual. All of the Mutual's business activities are conducted in the State of Utah. In July 2003, the Mutual was renamed the Utah Counties Insurance Pool (the Pool).

#### Accounting Principles

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP) and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Pool adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments* (GASB Statement 34), in fiscal year 2002, effective January 1, 2001.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from these estimates.

Significant estimates of the Pool include the reserves for losses and loss adjustment expenses.

#### Income Taxes

The Pool is exempt from the payment of income taxes under Section 115 of the Internal Revenue Code.

#### Premiums

Substantially all policies have a common annual renewal date of January 1. Premiums written are earned on a daily pro rata basis over the policy term.

**UTAH COUNTIES INSURANCE POOL**  
Notes to Statutory Financial Statements

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Pool considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. Therefore, the investment in Utah Public Treasurers' Fund and cash on deposit are considered to be cash equivalents.

The Pool is required to follow the requirements of the Utah Money Management Act, Section 57-7, *Utah Code Annotated, 1953*, as amended, in handling its depository and investment transactions. This law requires that investment transactions be conducted through qualified depositories and stipulates the types of securities allowable as acceptable investment transactions. Management believes the Pool was in compliance with the Utah Money Management Act during the nine months ended September 30, 2003.

**Reserves for Losses and Loss Adjustment Expenses**

The reserves for losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes that amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.

**Investments**

Investments are comprised of various U.S. Government securities. Investments in U.S. Government securities for September 30, 2003 consist of held-to-maturity securities.

Held-to-maturity securities are reported at cost, adjusted for amortization of premiums and accretion of discounts that are recognized in interest income using the effective interest method over the period to maturity.

## **UTAH COUNTIES INSURANCE POOL**

### **Notes to Statutory Financial Statements**

#### **2. INVESTMENTS IN UTAH PUBLIC TREASURERS' INVESTMENT FUND (PTIF)**

The Public Treasurers' Investment Fund (PTIF) is a pooled investment fund enabling public agencies to benefit from the higher yields offered on large denomination securities. The PTIF is similar in nature to a money market fund, but is subject to the Money Management Act and Rules of the Money Management Council. The PTIF invests in corporate debt, U.S. Agency notes, certificates of deposit and commercial paper. The maximum final maturity of any security invested in by the PTIF is limited to five years. The maximum weighted average life of the portfolio is limited to 90 days. There is no maturity date on an insurer's investment in the PTIF. PTIF deposits are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF pay an administrative charge on an annual basis based on the average account balance. The PTIF is operated as a service to local governments and does not generate a profit to the Utah State Treasurer. The investment in PTIF totaled **\$1,828,203** for the month ended September 30, 2003.

#### **3. REINSURANCE**

The Pool has purchased specific and aggregate reinsurance coverage. The agreements provide for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$150,000 self-insured retention up to an aggregate loss limit. The Pool has purchased reinsurance to protect against losses above these limits.

Estimated claims loss liabilities are stated net of estimated losses applicable to reinsurance ceded to other insurance companies. However, the Pool is contingently liable for those amounts in the event such companies are unable to pay their portion of the claims.

##### **Unsecured Reinsurance Recoverables**

The Company does not have an unsecured aggregate recoverable for losses, paid and unpaid including IBNR, loss adjustment expenses and unearned premium with and individual reinsurers, authorized or unauthorized, that exceeds 3% of the Pool's net assets.

##### **Reinsurance Recoverable in Dispute**

The Company does not have any disputed balances or uncollectible funds.

## UTAH COUNTIES INSURANCE POOL

### Notes to Statutory Financial Statements

#### 4. INTEREST RATES

The interest rates for assets held with the Utah Public Treasurers' Investment Fund were 1.53% for the month ended September 30, 2003.

#### 5. RELATED PARTY TRANSACTIONS

As of September 30, 2003, there were no amounts receivable from the Association.

#### 6. CONTINGENCIES

The Pool is subject to litigation from the settlement of claims contested in the normal course of business. The losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated unpaid loss and loss adjustment expense liabilities.

#### 7. INVESTMENTS

The carrying amounts of investments and their fair values at September 30, 2003 were as follows:

	<u>Cost / Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Government Bonds	<u>\$ 7,559,538</u>	<u>\$ 16,851</u>	<u>\$ (36,002)</u>	<u>\$ 7,540,387</u>
<b>Total investments</b>	<u><u>\$ 7,559,538</u></u>	<u><u>\$ 16,851</u></u>	<u><u>\$ (36,002)</u></u>	<u><u>\$ 7,540,387</u></u>

## **SUPPLEMENTARY SCHEDULES**

**UTAH COUNTIES INSURANCE POOL**  
Budget to Actual Comparison  
For the Nine Months Ended September 30, 2003

	2003 Budget As Amended July 17, 2003	Y-T-D Actual	Budget Remaining	Percent Complete
<b>Income:</b>				
Premiums and other considerations	3,957,425	2,966,333	(991,092)	75%
Investment income	175,000	156,261	(18,739)	89%
Administrative Fee Reimbursement	22,894	22,894	-	100%
Realized gain (loss) on investments	-	(145)	-	0%
Miscellaneous income	-	1,812	-	0%
<b>Total income</b>	<b>4,155,319</b>	<b>3,147,155</b>	<b>(1,009,831)</b>	<b>76%</b>
<b>Benefits:</b>				
Losses and loss adjustment expenses	2,626,278	1,969,709	656,569	75%
Reinsurance expense	1,409,700	1,035,540	374,160	73%
<b>Total benefits</b>	<b>4,035,978</b>	<b>3,005,249</b>	<b>1,030,729</b>	<b>74%</b>
<b>Administration expenses:</b>				
Accounting (Larson & Company)	14,750	14,080	670	96%
Actuarial Analysis (Taylor Walker)	13,000	7,386	5,614	57%
Administration Fee (UAC)	-	-	-	0%
Automobile Expense	7,500	2,061	5,439	28%
Automobile Reserve	15,120	-	15,120	0%
Bank Charges	100	244	(144)	244%
Brokerage Fees (Arthur J. Gallagher)	80,000	60,000	20,000	75%
Board Expense	28,000	24,162	3,838	86%
Building: Maintenance	12,000	1,814	10,186	15%
Building: Repairs & Replacement	5,634	-	5,634	0%
Building: Reserve	17,260	-	17,260	0%
Copying Costs	1,200	(24)	1,224	-2%
Dues / Subscriptions	3,500	3,067	433	88%
Exhibiting and Sponsorship	4,000	3,880	120	97%
Expenses Paid to UAC	-	-	-	0%
Information Technology	4,000	2,260	1,740	57%
Insurance	3,000	5,880	(2,880)	196%
Interest Expense	-	-	-	0%
Miscellaneous expense	-	(3)	3	0%
Lease Purchase (Debt Service)	87,000	66,805	20,195	77%
Lobbying and Legislative Tracking	-	-	-	0%
Loss Control / Training	14,000	10,283	3,717	74%
Office Equipment	-	2,602	(2,602)	0%
Office Supplies	2,500	1,788	712	72%
Other Expenses	-	-	-	0%
Other Services (UAC)	-	-	-	0%
Postage	1,000	753	247	75%
Premium Credits and Incentives	80,000	77,401	2,599	97%
Printing	1,000	1,685	(685)	169%
Professional Fees	10,000	12,405	(2,405)	124%
Property and Equipment	10,000	-	10,000	0%
Staff Expenses	20,000	20,635	(635)	103%
Staff Salaries	189,815	129,892	59,923	68%
Staff Payroll - misc.	-	9,408	(9,408)	0%
Staff Retirement	40,580	24,879	15,701	61%
Staff FICA	14,304	-	14,304	0%
Staff Medical Insurance	32,340	24,699	7,641	76%
Telephone	5,500	3,216	2,284	59%
<b>Total administration expenses</b>	<b>717,103</b>	<b>511,258</b>	<b>205,845</b>	<b>71%</b>
<b>Net income (loss)</b>	<b>(597,762)</b>	<b>(369,352)</b>	<b>226,743</b>	<b>62%</b>

This year is 75% complete

**UTAH COUNTIES INSURANCE POOL**  
Statement of Revenues, Expenses, and Changes in Net Assets by Policy Year  
For the Month Ended September 30, 2003

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
<b>Income:</b>													
Premiums and other considerations	-	-	-	-	-	-	-	-	-	-	-	321,507	321,507
Investment income	-	-	-	-	-	-	-	-	-	-	-	27,267	27,267
Administrative Fee Reimbursement	-	-	-	-	-	-	-	-	-	-	-	-	-
Realized gain (loss) on investments	-	-	-	-	-	-	-	-	-	-	-	(145)	(145)
Miscellaneous income	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income</b>	-	-	-	-	-	-	-	-	-	-	-	348,629	348,629
<b>Benefits:</b>													
Losses and allocated expenses paid	-	-	-	168	-	318	5,524	246,217	591	22,262	40,214	131,112	446,406
Case reserves	-	-	-	(168)	-	(318)	(5,524)	(206,217)	(2,621)	(20,239)	(47,976)	(53,459)	(336,522)
Incurred but not reported	-	-	-	-	-	-	-	(40,000)	2,030	(2,023)	7,762	121,013	88,782
Owed and paid recoverable	-	-	-	-	-	-	-	-	-	-	-	-	-
under excess policy	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinsurance expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated loss adjustment expenses	-	-	-	-	-	-	-	-	-	-	-	112,895	112,895
<b>Total benefits</b>	-	-	-	-	-	-	-	-	-	-	-	20,190	20,190
	-	-	-	-	-	-	-	-	-	-	-	331,751	331,751
<b>Administration expenses:</b>													
Accounting (Larson & Company)	-	-	-	-	-	-	-	-	-	-	-	1,304	1,304
Actuarial Analysis (Taylor Walker)	-	-	-	-	-	-	-	-	-	-	-	792	792
Administration Fee (UAC)	-	-	-	-	-	-	-	-	-	-	-	-	-
Automobile Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Automobile Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank Charges	-	-	-	-	-	-	-	-	-	-	-	214	214
Brokerage Fees (Arthur J. Gallagher)	-	-	-	-	-	-	-	-	-	-	-	6,667	6,667
Board Expense	-	-	-	-	-	-	-	-	-	-	-	11,024	11,024
Building: Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Building: Repairs & Replacement	-	-	-	-	-	-	-	-	-	-	-	-	-
Building: Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Copying Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues / Subscriptions	-	-	-	-	-	-	-	-	-	-	-	(20)	(20)
Exhibiting and Sponsorship	-	-	-	-	-	-	-	-	-	-	-	(313)	(313)
Expenses Paid to UAC	-	-	-	-	-	-	-	-	-	-	-	2,910	2,910
Information Technology	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	1,278	1,278
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	3,629	3,629
Miscellaneous expense	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease Purchase (Debit Service)	-	-	-	-	-	-	-	-	-	-	-	(2)	(2)
Lobbying and Legislative Tracking	-	-	-	-	-	-	-	-	-	-	-	7,250	7,250
Loss Control / Training	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	164	164
Office Supplies	-	-	-	-	-	-	-	-	-	-	-	1,569	1,569
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	460	460
Other Services (UAC)	-	-	-	-	-	-	-	-	-	-	-	146	146
Postage	-	-	-	-	-	-	-	-	-	-	-	-	-
Premium Credits and Incentives	-	-	-	-	-	-	-	-	-	-	-	(5)	(5)
Printing	-	-	-	-	-	-	-	-	-	-	-	100	100
Professional Fees	-	-	-	-	-	-	-	-	-	-	-	955	955
Property and Equipment	-	-	-	-	-	-	-	-	-	-	-	4,760	4,760
Staff Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff Salaries	-	-	-	-	-	-	-	-	-	-	-	5,548	5,548
Staff Payroll - misc.	-	-	-	-	-	-	-	-	-	-	-	15,430	15,430
Staff Retirement	-	-	-	-	-	-	-	-	-	-	-	3,333	3,333
Staff FICA	-	-	-	-	-	-	-	-	-	-	-	2,802	2,802
Staff Medical Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone	-	-	-	-	-	-	-	-	-	-	-	2,642	2,642
<b>Total administration expenses</b>	-	-	-	-	-	-	-	-	-	-	-	73,047	73,047
<b>Net income</b>	-	-	-	-	-	-	-	-	-	-	-	(56,169)	(56,169)
<b>Contributed capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ending net assets</b>	-	-	-	-	-	-	-	-	-	-	-	(56,169)	(56,169)

See accompanying notes to financial statements and accountants' compilation report

**UTAH COUNTIES INSURANCE POOL**  
Statement of Revenues, Expenses, and Changes in Net Assets by Policy Year (Continued)  
For the Nine Months Ended September 30, 2003

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
<b>Income:</b>													
Earned premium	-	-	-	-	-	-	-	-	-	-	-	2,966,333	2,966,333
Investment income	-	-	-	-	-	-	-	-	-	-	-	156,261	156,261
Administrative Fee Reimbursement	-	-	-	-	-	-	-	-	-	-	-	22,894	22,894
Realized gain (loss) on investments	-	-	-	-	-	-	-	-	-	-	-	(145)	(145)
Miscellaneous income	-	-	-	-	-	-	-	-	-	-	-	1,812	1,812
<b>Total Income</b>	-	-	-	-	-	-	-	-	-	-	-	3,147,155	3,147,155
<b>Benefits:</b>													
Losses and allocated expenses paid	-	2,281	-	5,538	-	39,073	24,306	345,202	238,663	401,147	257,761	570,167	1,884,138
Case reserves	-	-	-	(5,538)	-	(10,297)	21,382	(184,424)	(124,385)	(60,800)	(40,975)	294,945	(110,092)
Incurred but not reported	-	-	-	-	-	(28,776)	(45,688)	(160,778)	(114,278)	(340,347)	(216,786)	922,892	16,239
Owed and paid recoverable	-	(2,281)	-	-	-	-	-	-	-	-	-	-	(2,281)
under excess policy	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinsurance expense	-	-	-	-	-	-	-	-	-	-	-	1,035,539	1,035,539
Unallocated loss adjustment expenses	-	-	-	-	-	-	-	-	-	-	-	181,706	181,706
<b>Total benefits</b>	-	-	-	-	-	-	-	-	-	-	-	3,005,249	3,005,249
<b>Administration expenses:</b>													
Accounting (Larson & Company)	-	-	-	-	-	-	-	-	-	-	-	14,080	14,080
Actuarial Analysis (Taylor Walker)	-	-	-	-	-	-	-	-	-	-	-	7,386	7,386
Administration Fee (UAC)	-	-	-	-	-	-	-	-	-	-	-	-	-
Automobile Expense	-	-	-	-	-	-	-	-	-	-	-	2,061	2,061
Automobile Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank Charges	-	-	-	-	-	-	-	-	-	-	-	244	244
Brokerage Fees (Arthur J. Gallagher)	-	-	-	-	-	-	-	-	-	-	-	60,000	60,000
Board Expense	-	-	-	-	-	-	-	-	-	-	-	24,162	24,162
Building Maintenance	-	-	-	-	-	-	-	-	-	-	-	1,814	1,814
Building Repairs & Replacement	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Copying Costs	-	-	-	-	-	-	-	-	-	-	-	(24)	(24)
Dues / Subscriptions	-	-	-	-	-	-	-	-	-	-	-	3,067	3,067
Exhibiting and Sponsorship	-	-	-	-	-	-	-	-	-	-	-	3,880	3,880
Expenses Paid to UAC	-	-	-	-	-	-	-	-	-	-	-	2,260	2,260
Information Technology	-	-	-	-	-	-	-	-	-	-	-	5,880	5,880
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	(3)	(3)
Miscellaneous expense	-	-	-	-	-	-	-	-	-	-	-	66,805	66,805
Lease Purchase (Debt Service)	-	-	-	-	-	-	-	-	-	-	-	-	-
Lobbying and Legislative Tracking	-	-	-	-	-	-	-	-	-	-	-	10,283	10,283
Loss Control / Training	-	-	-	-	-	-	-	-	-	-	-	2,602	2,602
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	1,788	1,788
Office Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Services (UAC)	-	-	-	-	-	-	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-	-	-	-	-	753	753
Premium Credits and Incentives	-	-	-	-	-	-	-	-	-	-	-	77,401	77,401
Printing	-	-	-	-	-	-	-	-	-	-	-	1,685	1,685
Professional Fees	-	-	-	-	-	-	-	-	-	-	-	12,405	12,405
Property and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff Expenses	-	-	-	-	-	-	-	-	-	-	-	20,635	20,635
Staff Salaries	-	-	-	-	-	-	-	-	-	-	-	129,892	129,892
Staff Payroll - misc.	-	-	-	-	-	-	-	-	-	-	-	9,408	9,408
Staff Retirement	-	-	-	-	-	-	-	-	-	-	-	24,879	24,879
Staff FICA	-	-	-	-	-	-	-	-	-	-	-	24,699	24,699
Staff Medical Insurance	-	-	-	-	-	-	-	-	-	-	-	3,216	3,216
Telephone	-	-	-	-	-	-	-	-	-	-	-	511,258	511,258
<b>Total administration expenses</b>	-	-	-	-	-	-	-	-	-	-	-	(369,352)	(369,352)
<b>Net Income</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Contributed capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ending net assets</b>	-	-	-	-	-	-	-	-	-	-	-	(369,352)	(369,352)

See accompanying notes to financial statements and accountants' compilation report

**UTAH COUNTIES INSURANCE POOL**  
Statement of Revenues, Expenses, and Changes in Net Assets by Policy Year (Continued)  
Inception to September 30, 2003

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Total
<b>Income:</b>													
Earned premium	1,302,622	1,443,143	1,571,870	1,775,358	1,844,816	2,271,005	2,351,523	2,479,776	2,351,234	2,352,140	2,405,492	2,966,333	25,115,312
Investment income	152,239	168,856	192,275	198,970	126,063	344,931	406,049	441,615	579,370	432,139	231,873	156,261	3,430,441
Administrative Fee Reimbursement	-	-	-	-	-	-	-	-	-	-	124,586	22,894	147,480
Realized gain (loss) on investments	-	-	-	-	-	-	-	-	-	-	-	(145)	(145)
Miscellaneous income	-	-	-	-	-	-	-	-	-	-	-	1,812	11,975
<b>Total income</b>	<b>1,454,861</b>	<b>1,611,799</b>	<b>1,764,145</b>	<b>1,974,328</b>	<b>1,970,879</b>	<b>2,615,936</b>	<b>2,759,572</b>	<b>2,921,406</b>	<b>2,930,604</b>	<b>2,786,550</b>	<b>2,767,828</b>	<b>3,147,155</b>	<b>28,705,063</b>
<b>Benefits:</b>													
Loss and loss adjustment expenses	1,259,586	1,581,467	1,452,911	1,115,903	1,617,424	1,343,143	1,558,000	1,182,541	1,092,770	699,898	1,283,581	1,788,005	16,121,904
Owed and paid recoverable	(409,596)	(461,467)	(102,911)	-	-	-	-	-	-	-	-	-	(973,974)
Reinsurance expense	201,001	202,002	207,006	247,610	239,514	238,022	287,021	253,050	224,000	223,988	232,964	1,035,538	1,035,538
Unallocated loss adjustment expenses	1,051,001	1,302,002	1,557,008	1,363,513	1,858,938	1,579,165	1,845,021	1,435,591	1,316,770	923,896	1,516,545	181,706	2,735,894
<b>Total benefits</b>	<b>1,454,861</b>	<b>1,611,799</b>	<b>1,764,145</b>	<b>1,974,328</b>	<b>1,970,879</b>	<b>2,615,936</b>	<b>2,759,572</b>	<b>2,921,406</b>	<b>2,930,604</b>	<b>2,786,550</b>	<b>2,767,828</b>	<b>3,147,155</b>	<b>28,705,063</b>
<b>Administration expenses:</b>													
Accounting (Larson & Company)	-	-	-	-	-	-	-	-	-	-	-	-	14,080
Actuarial Analysis (Taylor Walker)	-	-	-	-	-	-	-	-	-	-	-	-	7,386
Administration Fee (UAC)	186,819	225,000	225,000	260,000	260,000	267,500	280,000	358,610	447,688	446,815	494,804	-	3,452,236
Automobile Expense	-	-	-	-	-	-	-	-	-	-	-	-	2,061
Automobile Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank Charges	-	-	-	-	-	-	-	-	-	-	-	-	244
Brokerage Fees (Arthur J. Gallagher)	150,000	150,000	150,000	125,000	125,000	108,125	105,000	105,000	101,000	105,000	80,000	60,000	1,364,125
Board Expense	-	-	-	-	-	-	-	-	-	-	-	-	24,162
Building - Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	1,814
Building - Repairs & Replacement	-	-	-	-	-	-	-	-	-	-	-	-	-
Building - Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Copying Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues / Subscriptions	-	-	-	-	-	-	-	-	-	-	-	-	(24)
Exhibiting and Sponsorship	-	-	-	-	-	-	-	-	-	-	-	-	3,067
Expenses Paid to UAC	-	-	-	-	-	-	-	-	-	-	-	-	3,880
Information technology	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	2,260
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	5,880
Miscellaneous expense	-	-	-	-	-	-	-	-	-	-	-	-	309,119
Lease Purchase (Debt Service)	-	-	-	-	-	-	-	-	-	-	-	-	(3)
Lobbying and Legislative Tracking	-	-	-	-	-	-	-	-	-	-	-	-	66,805
Loss Control / Training	-	-	-	-	-	-	-	-	-	-	-	-	10,283
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	2,602
Office Supplies	-	-	-	-	-	-	-	-	-	-	-	-	1,788
Other Expenses	16,693	8,563	23,169	13,490	20,706	4,121	20,958	4,143	3,363	30,838	48,309	-	194,353
Other Services (UAC)	-	-	-	-	-	-	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-	-	-	-	-	-	753
Premium Credits and Incentives	-	-	-	-	-	-	-	-	-	-	-	-	77,401
Printing	-	-	-	-	-	-	-	-	-	-	-	-	1,685
Professional Fees	77,374	73,449	84,209	37,287	33,461	16,092	38,164	37,013	29,551	35,806	46,182	12,405	520,993
Property and Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff Expenses	-	-	-	-	-	-	-	-	-	-	-	-	20,635
Staff Salaries	-	-	-	-	-	-	-	-	-	-	-	-	129,892
Staff Payroll - misc.	-	-	-	-	-	-	-	-	-	-	-	-	9,408
Staff Retirement	-	-	-	-	-	-	-	-	-	-	-	-	24,879
Staff FICA	-	-	-	-	-	-	-	-	-	-	-	-	-
Staff Medical Insurance	-	-	-	-	-	-	-	-	-	-	-	-	24,699
Telephone	-	-	-	-	-	-	-	-	-	-	-	-	3,216
<b>Total administration expenses</b>	<b>430,886</b>	<b>457,012</b>	<b>482,378</b>	<b>435,777</b>	<b>439,167</b>	<b>395,838</b>	<b>444,122</b>	<b>774,665</b>	<b>820,822</b>	<b>618,459</b>	<b>669,295</b>	<b>511,258</b>	<b>6,279,679</b>
<b>Net income</b>	<b>(27,026)</b>	<b>(147,215)</b>	<b>(275,239)</b>	<b>175,038</b>	<b>(325,226)</b>	<b>640,933</b>	<b>470,429</b>	<b>711,150</b>	<b>993,012</b>	<b>1,244,195</b>	<b>581,988</b>	<b>(369,352)</b>	<b>3,672,687</b>
<b>Contributed capital</b>	<b>401,913</b>	<b>430,206</b>	<b>464,180</b>	<b>460,780</b>	<b>476,224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,233,303</b>
<b>Change in non-admitted assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(61,466)</b>	<b>34,202</b>	<b>25,264</b>	<b>(5,000)</b>	<b>7,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowed surplus</b>	<b>620,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30,101)</b>	<b>(589,899)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending net assets</b>	<b>994,887</b>	<b>282,991</b>	<b>188,941</b>	<b>635,818</b>	<b>150,998</b>	<b>579,467</b>	<b>504,631</b>	<b>706,313</b>	<b>398,113</b>	<b>1,251,195</b>	<b>581,988</b>	<b>(369,352)</b>	<b>5,905,990</b>

See accompanying notes to financial statements and accountants' compilation report

**Utah Counties Insurance Pool**  
**CRIME AND EXCESS WC INSURANCE PROPOSAL**

**JANUARY 1, 2004- JANUARY 1, 2005**

**JOHN CHINO, ARM**  
**AREA VICE PRESIDENT**

**and**

**RICH STOKLUSKA**

Arthur J. Gallagher & Co.



**ARTHUR J. GALLAGHER & CO.**  
**INSURANCE BROKERS OF CALIFORNIA, INC.**

**LICENSE #: 0726293**  
**DECEMBER 18, 2003**

---

## TABLE OF CONTENTS

---

Crime	Section 1
Workers' Compensation	Section 2

---

## CRIME COVERAGE

---

**Carrier:** Travelers Casualty and Surety Company  
Best's Rated A++ XV

**Policy Period:** Jan. 1, 2004 – Jan. 1, 2005

**Coverages:** \$1,000,000 Employee Theft/Dishonesty  
\$300,000 Premises  
\$300,000 Transit  
\$1,000,000 Depositors Forgery

Faithful Performance Included

**Deductible Amounts:** \$ 150,000 Money and Securities  
\$ 150,000 Other Property

**Territory:** Worldwide

**Policy Conditions:**

- 60-Day Notice of Cancellation; 10-Day Notice for Non-Payment of Premium
- Form F-1697 (07/97)

**Premium:** \$32,844

**Note: SUBJECT TO RECEIPT OF RENEWAL INFORMATION**  
Iron County/Wasatch Counties each had losses  
Sanpete – Cash Exposure  
Beaver – Employee reconciliation  
Uintah – loss question

---

**EXCESS WORKER'S COMPENSATION**

**CRL/SAFETY NATIONAL**

---

**COUNTY REINSURANCE LIMITED - \$275,530**

**SAFETY NATIONAL - \$100,000**

**Arthur J. Gallagher - \$25,000**

**WORKER'S COMPENSATION COST FOR BUDGET -  
\$298,535**

**BROKER FEE - \$25,000 ANNUAL**

**CAPITILIZATION FEE - \$81,495**

## MARKETS APPROACHED

AIG
INSURANCE CORPORATION OF HANOVER
MIDWEST EMPLOYERS
WEXFORD (CNA)

ACE USA
EMPLOYERS RE
CRL
SAFETY NATIONAL

---

**COMPARISON OF WORKERS' COMPENSATION QUOTES – Excess QUOTES**

---

	<b>OPTION I</b>	<b>OPTION II</b>
Carrier	Safety National	Discover Re
Best's Rating	A+XII	A VII
Policy Term	1/1/04-05	1/1/04-5
Coverage	XS Work Comp	XS Work Comp
WC Limit	Statutory	Statutory
EL Limit	\$1MM/\$1MM	\$1MM/\$1MM
Rate per \$100 of Payroll	.06	.07
Self-Insured Retention	\$300,000	\$300,000
Minimum & Deposit Premium	\$100,000	\$113,800
Estimated Annual Payroll	\$149,356,519	\$149,356,519

---

WORKERS' COMPENSATION QUOTE – Primary Excess

---

PROPOSING INSURER	2003 BEST'S RATING	PROPOSED COST	RATE	RATE CAP OFFERED	CLAIMS ADMINISTRATOR
County Reinsurance Limited	NA	\$275,530	.013	No	ASC

**Notes:**

- 1) TPA Fees not included
- 2) Conversion Fee - \$4,500

## **Coverage Terms & Conditions**

### **Coverages:**

#### ➤ Our Limit of Indemnity

##### Part One: Workers' Compensation

- Statutory - Each Accident
- Statutory - Each Employee for Disease

##### Part Two: Employers' Liability

- \$1,000,000 Each Accident
- \$1,000,000 Each Employee for Disease

#### ➤ State Mandatory Endorsements

#### ➤ Voluntary Workers' Compensation

#### ➤ Foreign Voluntary Compensation

#### ➤ USL & H – if any

#### ➤ Sixty (60) Day Notice of Cancellation (except Non-Payment of Premium – Ten (10) Days

***Estimated***                      \$149,356,519 WC Payroll  
***Exposure:***

---

## **FEE DISCLOSURE STATEMENT**

---

### **FEE DISCLOSURE STATEMENT**

In addition to the fees and/or commissions retained by Arthur J. Gallagher & Co., it is understood and agreed that other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers, and similar parties, some of which may be owned in whole or in part by Gallagher's corporate parent, may earn and retain usual and customary commissions and/or fees in the course of providing insurance products. Any such fees and/or commissions will be the responsibility of client and not Arthur J. Gallagher & Co. In addition to the fee and/or commissions retained by Arthur J. Gallagher & Co., it is understood and agreed that other parties may earn and retain usual and customary commissions and/or fees in the course of providing insurance products.

Gallagher from time to time enters into arrangements with certain insurance carriers or those carriers' reinsurers providing for compensation, in addition to commissions, to be paid by such carriers or reinsurers to Gallagher or its affiliates based on, among other things, the volume of premium and/or underwriting profitability of the insurance coverages written through Gallagher by such carriers or reinsurers.

In addition, Gallagher and its affiliates provide management and other services to, and receive compensation for those services from, certain reinsurers that reinsure insurance coverages written through Gallagher by other insurance carriers. The insurance coverages you purchase through Gallagher might be issued by an insurance carrier or reinsured by a reinsurer that has such a relationship with Gallagher or its affiliates.

**I have reviewed and accept the attached Commercial Insurance Proposal**

---

**Signature**

**Title**

**Date**



**UTAH COUNTIES INSURANCE POOL****General Budget****2004****REVENUE**

Premiums Written	4,053,237
Investment Income	175,000
Retained Equity	318,382
<b>TOTAL REVENUE</b>	<b>4,546,619</b>

**LOSSES AND LOSS EXPENSES**

Losses	2,000,000
Reinsurance	1,635,252
<b>TOTAL LOSS EXPENSES</b>	<b>3,635,252</b>

**ADMINISTRATION EXPENSES**

Accounting	18,700
Actuarial Analysis	8,500
Automobile Expense	7,500
Automobile Reserve	20,000
Bank Charges	100
Brokerage Fees	80,000
Board Expense	28,000
Building: Maintenance	12,000
Building: Repairs & Replacement	5,634
Building: Reserve	17,260
Copying Costs	1,200
Dues / Subscriptions	3,500
Exhibiting & Sponsorship	10,000
Information Technology	64,000
Lease Purchase	70,000
Lobbying & Legislative Tracking	10,000
Loss Control / Training	14,000
Office Insurance	5,500
Office Supplies	7,500
Postage	1,500
Incentives	5,000
Printing	2,000
Professional Fees	15,000
Property & Equipment	30,000
Staff Expenses	30,000
Staff Salaries	290,000
Staff Retirement	67,633
Staff FICA	23,840
Staff Medical Insurance	57,500
Telephone	5,500
<b>TOTAL ADMINISTRATION</b>	<b>911,367</b>

<b>TOTAL LOSSES AND EXPENSES</b>	<b>4,546,619</b>
----------------------------------	------------------

<b>NET INCOME</b>	<b>0</b>
-------------------	----------

**EQUITY / RESERVES**

Automobile	48,420
Building Debt Service	86,300
Building Repairs & Replacement	28,170
<b>TOTAL DESIGNATED RESERVES</b>	<b>162,890</b>



## **AGENDA ITEM SUMMARY**

### ***Item Description***

Consider authorizing designation of certain funds carried in the fund balance from year to year.

### ***Background, Discussion***

When UAC transferred the agreed-upon funds to UCIP, reserves for the building, building repairs and maintenance and automobiles were included. Staff, working with our auditors, recommends designating these funds within the overall fund balance as appropriated net assets and carrying them over from year to year. Specifically, the identified accounts would be as follows:

Appropriated net assets:

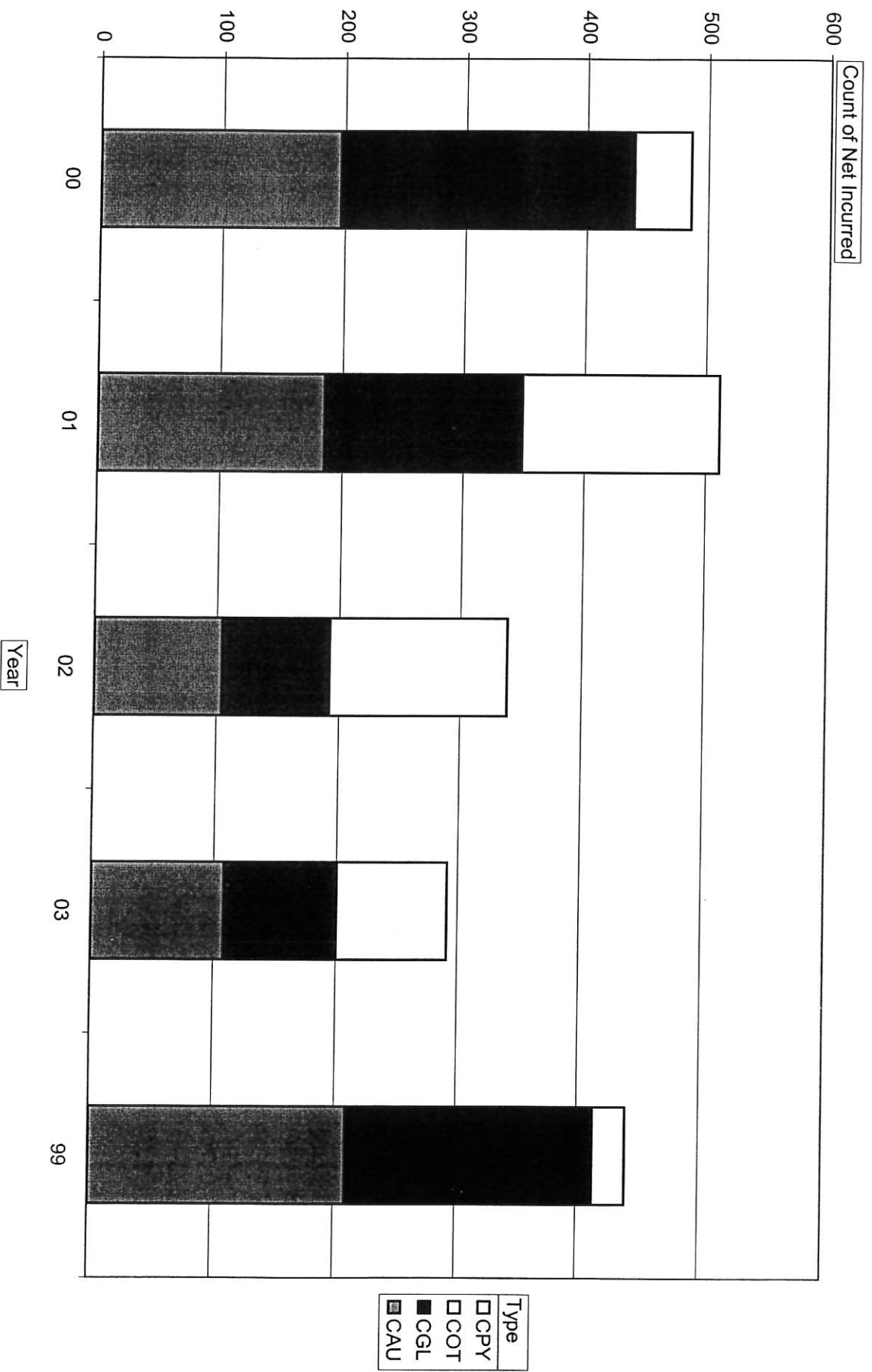
- Auto-amount transferred from UAC \$13,300
- Building debt service-amount transferred from UAC \$42,975
- Building repairs and maintenance-amount transferred from UAC \$15,087

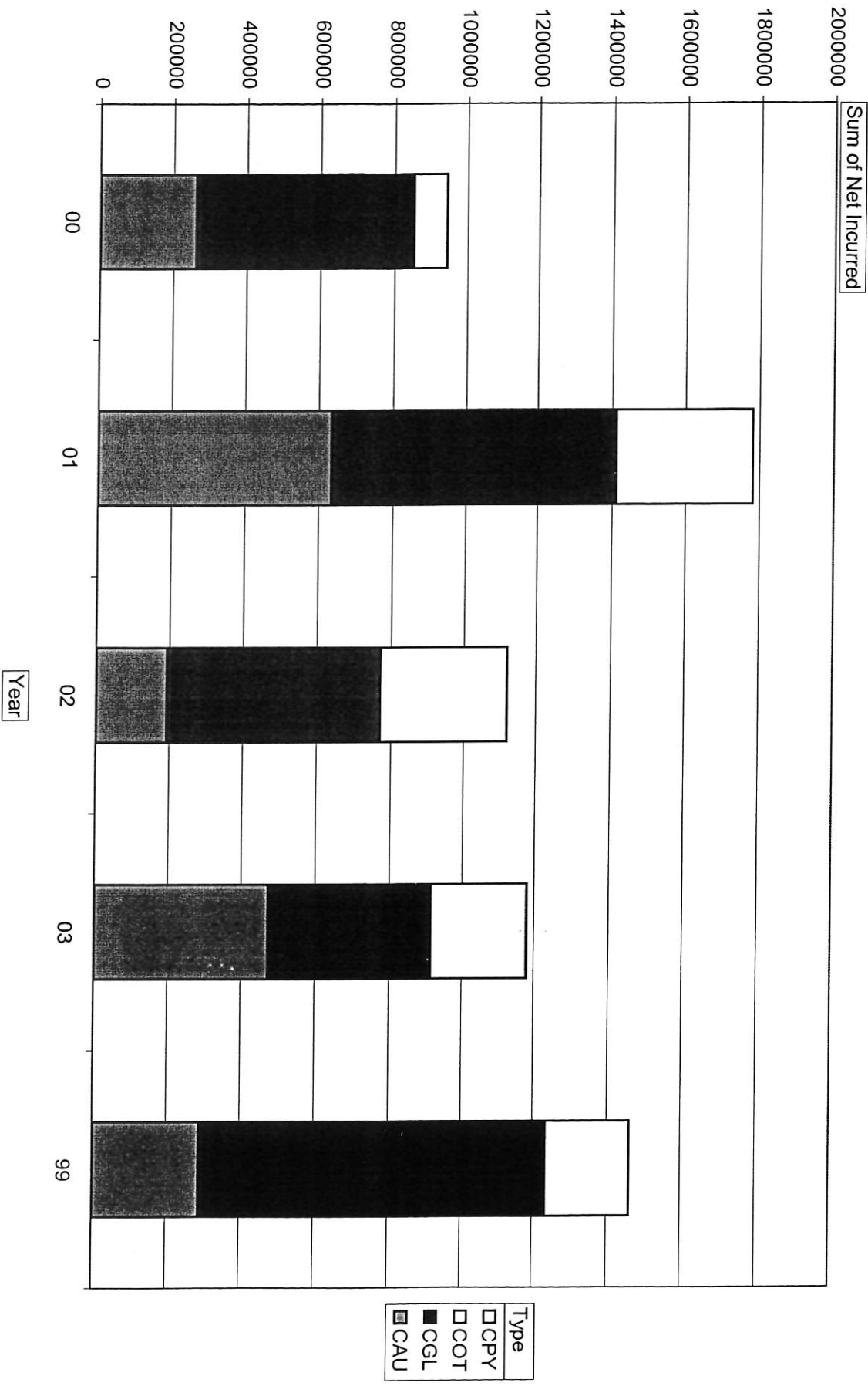
Funds that are budgeted but not accrued or spent lapse into the fund balance. The appropriated net assets are part of the fund balance but the Board has “spoken for them”.

### **Recommendation**

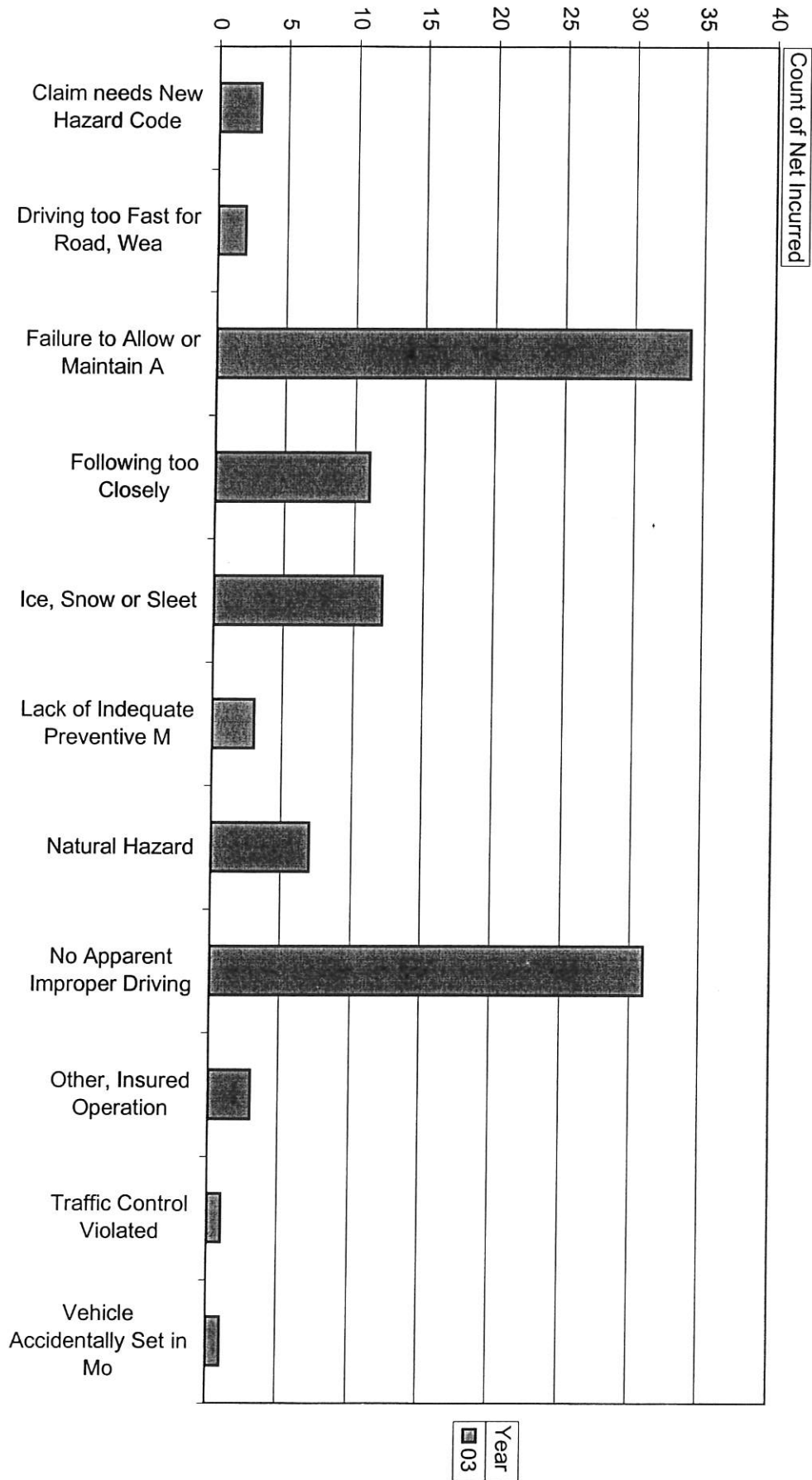
Staff recommends establishing the appropriated net assets accounts to denote funds from year to year for these specific purposes and that the current budgeted and unspent amounts for each account be designated from the 2003 budget year to be shown as appropriated net assets in the 2004 budget year.

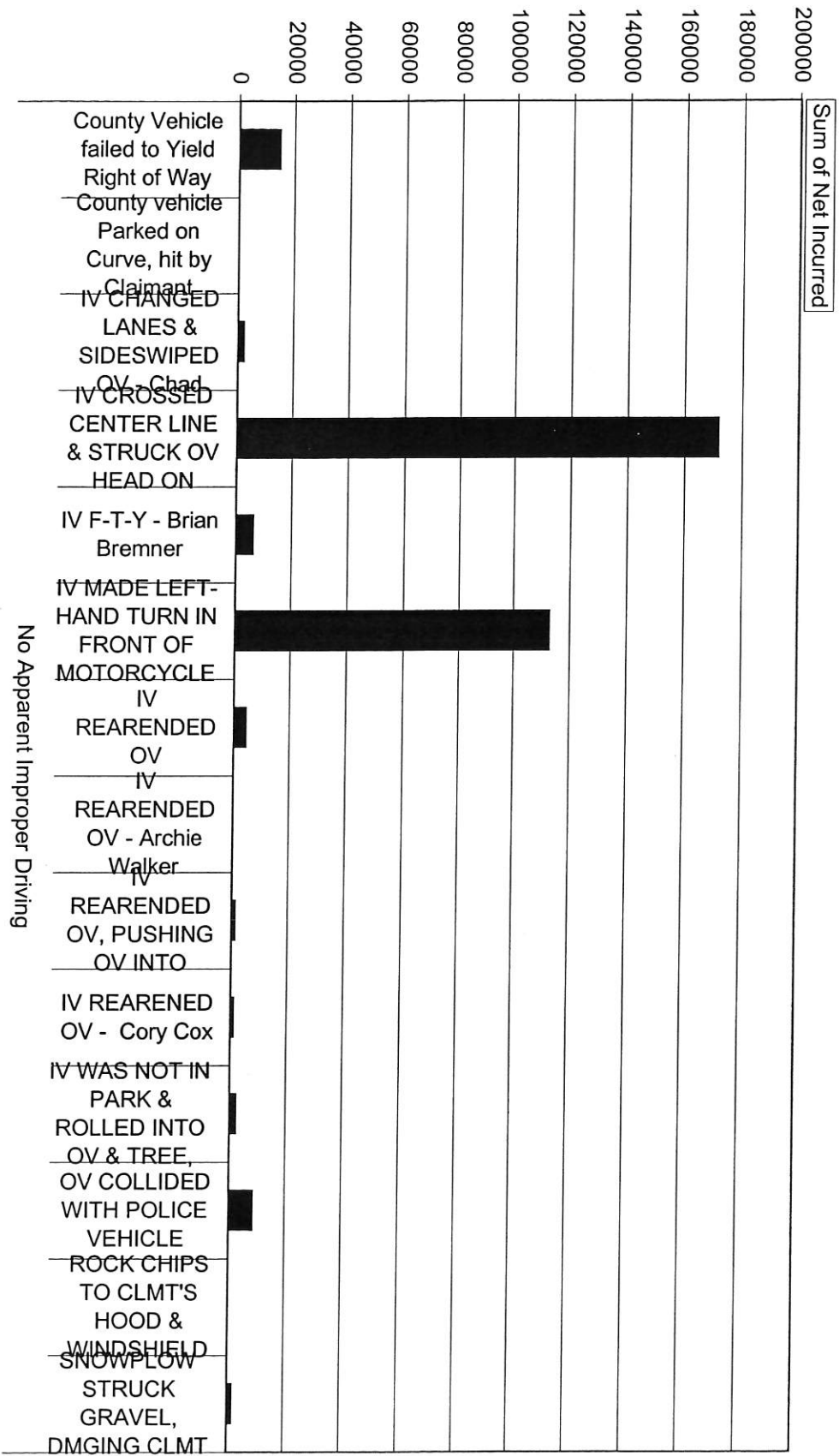




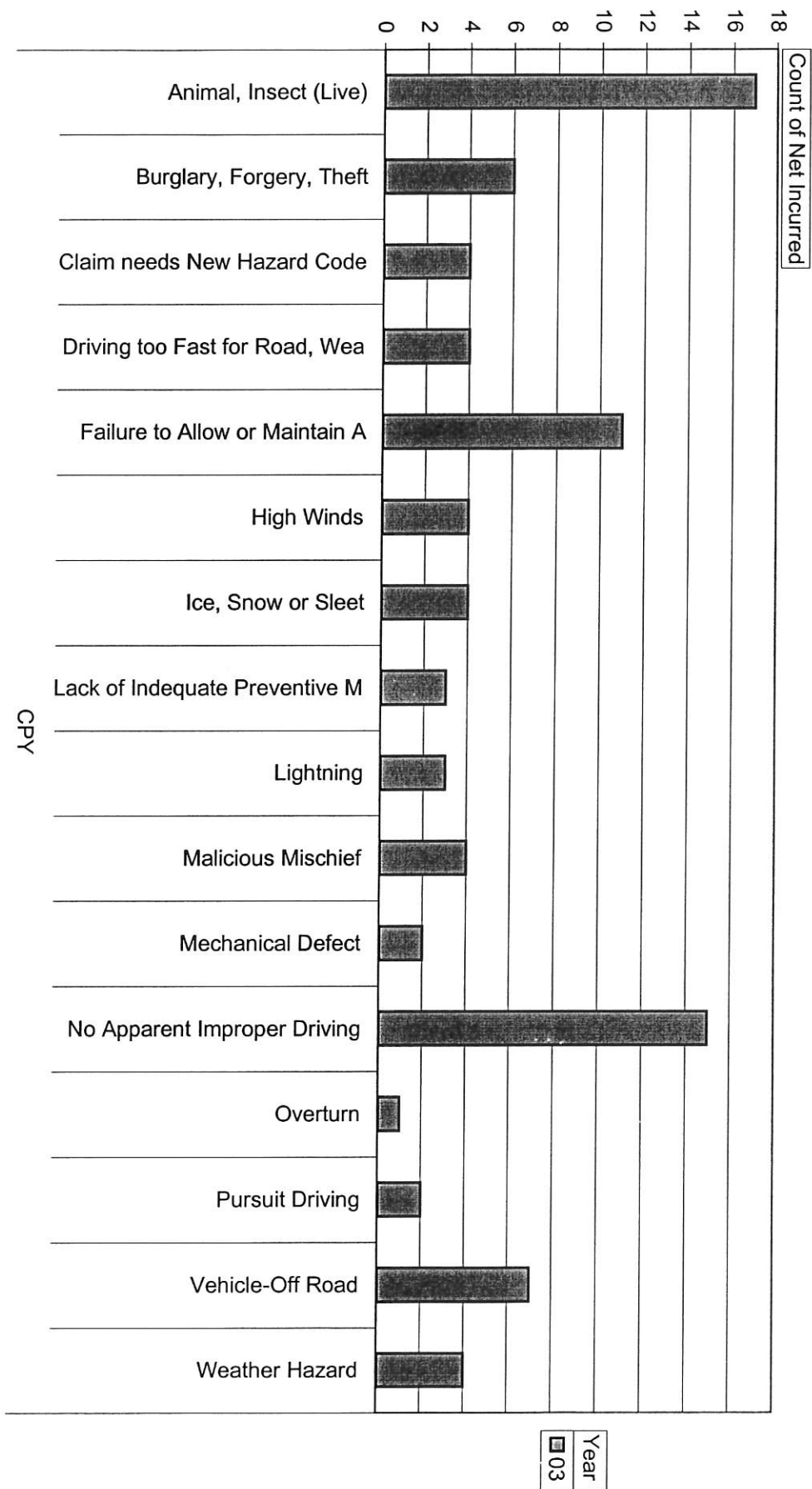


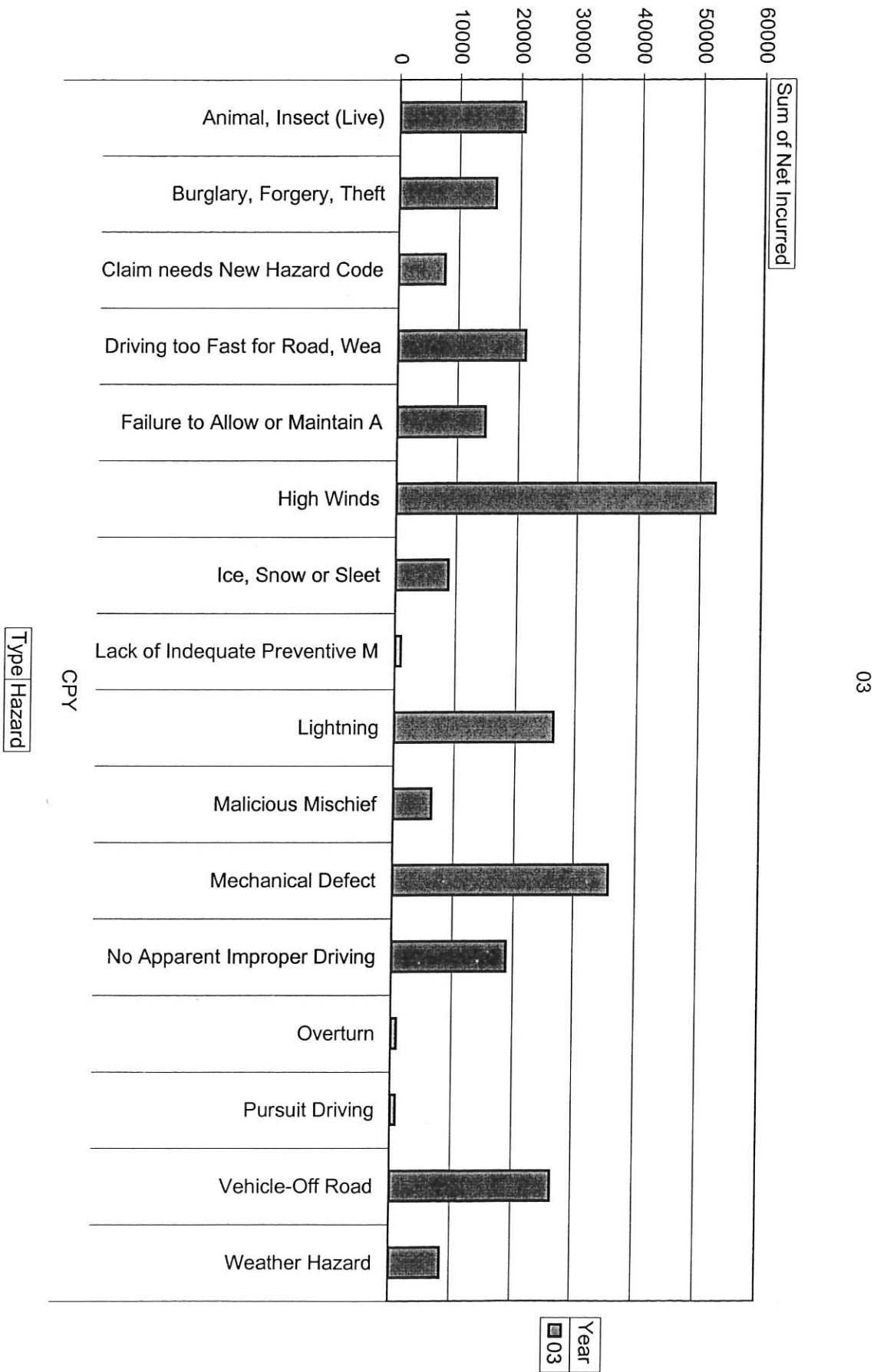
Hazard

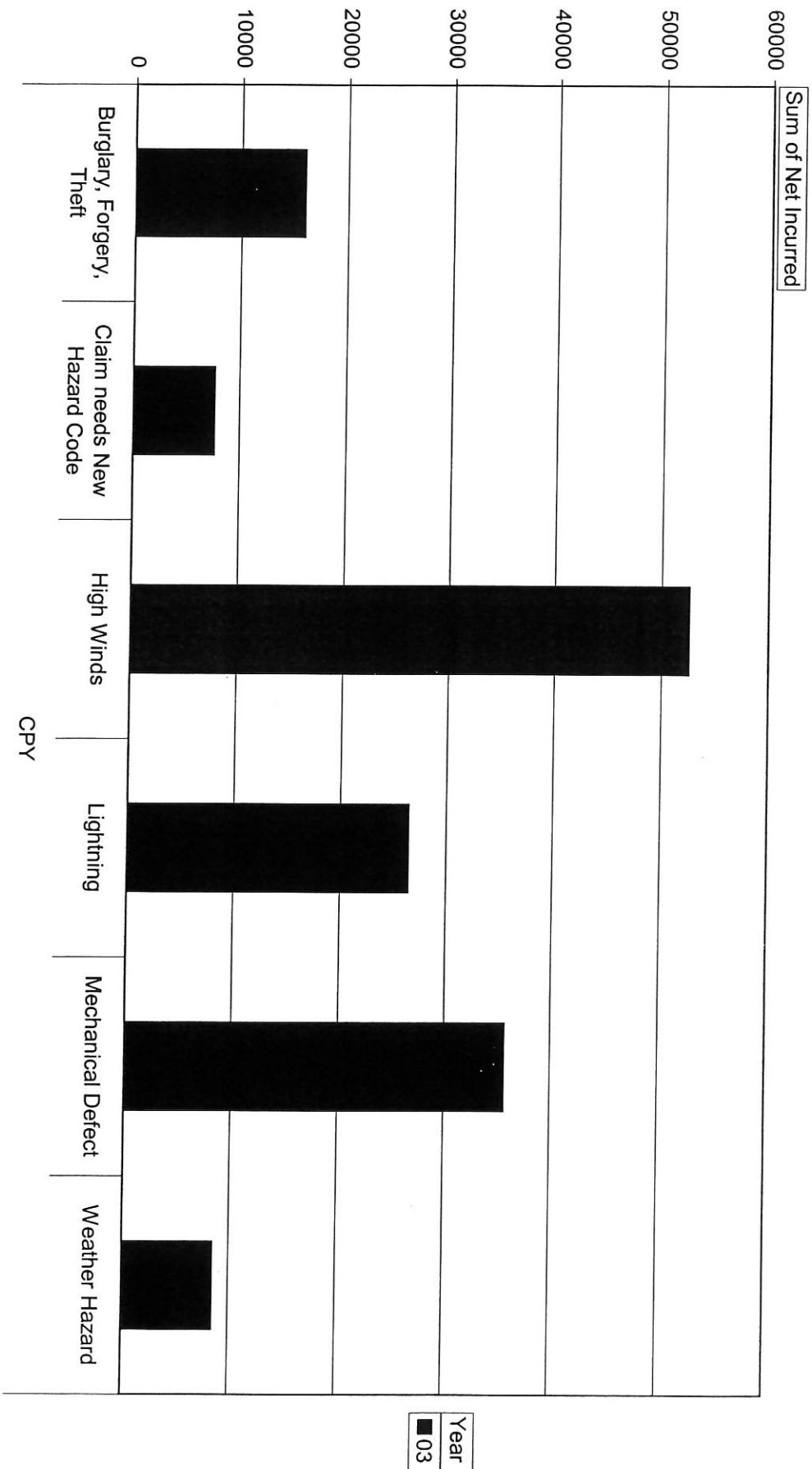




Type Hazard









# 2003 Risk Management Program Prerequisites

## 2003 RMP Premium Credits

County	Renewal Questionnaire	Property Schedule	Vehicle Schedule	MVR List	2004 Premium	3% Credit	RMP% Credit	Credit	County	5% Credit
Beaver	4/10/2003	4/10/2003	4/10/2003	5/30/2003	70,907	2,127	0.00	DNQ	Beaver	3,545
Box Elder	4/16/2003	4/16/2003	4/16/2003	4/11/2003	163,471	4,904	0.62	3,041	Box Elder	8,174
Cache	4/16/2003	4/16/2003	4/16/2003	5/15/2003	211,900	6,357	0.83	5,276	Cache	10,595
Carbon	4/16/2003	4/16/2003	4/16/2003	4/16/2003	119,539	3,586	0.41	1,470	Carbon	5,977
Daggett	4/16/2003	4/16/2003	4/16/2003	4/16/2003	41,793	1,254	0.00	DNQ	Daggett	2,090
Davis	4/16/2003	4/16/2003	4/16/2003	4/16/2003	430,230	12,907	0.95	12,262	Davis	21,512
Duchesne	7/7/2003	7/7/2003	7/7/2003	5/30/2003	119,029	3,571	0.00	DNQ	Duchesne	5,951
Emery	4/16/2003	4/16/2003	4/16/2003	5/30/2003	163,980	4,919	0.62	3,050	Emery	8,199
Garfield	4/21/2003	4/21/2003	4/21/2003	4/25/2003	68,171	2,045	0.00	DNQ	Garfield	3,409
Grand	4/16/2003	4/16/2003	4/16/2003	6/2/2003	92,354	2,771	0.59	1,635	Grand	4,618
Iron	4/16/2003	4/16/2003	4/16/2003	6/2/2003	151,767	4,553	0.55	2,504	Iron	7,588
Juab	4/16/2003	4/16/2003	4/16/2003	7/31/2003	121,785	3,654	0.00	DNQ	Juab	6,089
Kane	4/10/2003	4/10/2003	4/10/2003	5/30/2003	80,309	2,409	0.00	DNQ	Kane	4,015
Millard	4/16/2003	4/16/2003	4/16/2003	6/2/2003	145,870	4,376	0.71	3,107	Millard	7,294
Morgan	4/16/2003	4/16/2003	4/16/2003	6/2/2003	55,504	1,665	0.00	DNQ	Morgan	2,775
Piute	4/16/2003	4/16/2003	4/16/2003	6/2/2003	24,950	749	0.00	DNQ	Piute	1,248
Rich	4/16/2003	4/16/2003	4/16/2003	6/2/2003	44,138	1,324	0.50	662	Rich	2,207
San Juan	3/20/2003	3/20/2003	3/20/2003	1/22/2003	165,655	4,970	0.83	4,125	San Juan	8,283
Sanpete	3/17/2003	3/17/2003	3/17/2003	6/2/2003	82,776	2,483	0.44	1,093	Sanpete	4,139
Sevier	4/16/2003	4/16/2003	4/16/2003	5/30/2003	84,987	2,550	0.00	DNQ	Sevier	4,249
Uintah	4/16/2003	4/16/2003	4/16/2003	3/10/2003	184,482	5,534	0.69	3,819	Uintah	9,224
Utah	4/16/2003	4/16/2003	4/16/2003	5/30/2003	496,363	14,891	1.00	14,891	Utah	24,818
Wasatch	4/16/2003	4/16/2003	4/16/2003	5/30/2003	178,120	5,344	0.73	3,901	Wasatch	8,906
Washington	4/16/2003	4/16/2003	4/16/2003	5/30/2003	241,739	7,252	1.00	7,252	Washington	12,087
Wayne	4/16/2003	4/16/2003	4/16/2003	4/24/2003	42,293	1,269	0.00	DNQ	Wayne	2,115
Weber	4/16/2003	4/16/2003	4/16/2003	4/24/2003	451,062	13,532	0.87	11,773	Weber	22,553
									79,860	
									133,099	



- C. **Return on Investments:** The investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

## V. DELEGATION OF AUTHORITY

- A. Authority to manage the investment program is derived from the Bylaws of UCIP. The Audit Committee is charged with making recommendations to the Board on the financial affairs of UCIP and may designate appropriate staff to develop written procedures for the operation of the investment program consistent with this investment policy. Procedures will include reference to:
1. Safekeeping;
  2. PSA Repurchase Agreements;
  3. Wire Transfer Agreements;
  4. Banking Service Contracts, including the establishment of a Custodial Bank Agreement;
  5. Collateral/Depository Agreements; and
  6. Investment Manager Selection and Evaluation.
- B. It is the responsibility of the members of the Audit Committee to report to the Board all decisions and action taken by the Audit Committee.
- C. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Audit Committee. The Executive Assistant, under the supervision of the Director, shall be responsible for daily financial transactions.

More specifically, no funds shall be transferred out of or between the separate accounts at any time, for any reason, without the signature of at least ~~one~~ two of the three following individuals authorized by the Board of Trustees to approve the transfers; UCIP Director, President or Vice President of the Board of Trustees (one individual can authorize via telephone).

All transfers will be submitted for ratification to the Board of Trustees at the next Board meeting.

- D. The Audit Committee may choose to select a professional money manager to manage the investment assets. Those assets would include funds not required by cash flow projections to meet the immediate needs of UCIP. In the event that the Audit Committee decides to select a professional money manager, such selection will be made through a formal Request for Proposal process.

The Money Manager would be charged with the following responsibilities:

1. Adopting an investment philosophy which is compatible with the policies of UCIP as set forth in Section I above;
2. Selecting appropriate investment instruments to implement the designated philosophy;



**ANNUAL NOTICE OF REGULAR MEETING SCHEDULE OF THE BOARD OF  
TRUSTEES OF THE UTAH COUNTIES INSURANCE POOL**

**PUBLIC NOTICE** is hereby given that the 2004 Annual Meeting schedule of the Board of Trustees of the Utah Counties Insurance Pool is as follows:

Regular meetings of the Board of Trustees of the Utah Counties Insurance Pool will be held on the third Thursday of each month of the year from the hour of 9:00 a.m. until finished, at 5397 South Vine Street, Murray, Utah, unless otherwise listed below or changed by action of a quorum of the Board of Trustees of the Utah Counties Insurance Pool.

**TENTATIVE REGULAR MEETING DATES FOR 2004**

January 15  
February 19  
March 18  
April 21  
May 12  
June 3  
August 19  
September 16  
October 21  
November 10  
December 16

A regular meeting may be canceled without notice by action of a quorum of the Board of Trustees. When, because of unforeseen circumstances, it is necessary for the Board of Trustees to hold an emergency meeting to consider matters of an emergency or urgent nature, the best notice practicable shall be given. No such emergency meeting of the Board of Trustees shall be held unless an attempt has been made to notify all of the members of the Board of Trustees and there is a majority vote in the affirmative to hold the meeting.

All regular meetings of the Board of Trustees shall be open to the public unless closed by the Board of Trustees in the manner described in §52-4-4, Utah Code Annotated, 1953 as amended, and, for a purpose described in §52-4-5, Utah Code Annotated, 1953 as amended.

ADOPTED AND APPROVED THIS 18 DAY OF December, 2003.

BOARD OF TRUSTEES,  
UTAH COUNTIES INSURANCE POOL

  
\_\_\_\_\_  
DAN R. McCONKIE, President



## **AGENDA ITEM SUMMARY**

### ***Item Description***

Consider Authorizing the Director to extend employment offers to Korby Siggard and Charmaine Green.

### ***Background, Discussion***

As a part of taking claims in-house, UCIP has intended to offer employment to VeriClaim's employees. The Director proposes to place Korby Siggard on UCIP's payroll as a full-time employee with the title of Casualty Claims Manager at his current salary with VeriClaim and Charmaine Green be placed on UCIP's payroll as a full-time employee with the title of Claims Assistant at her current rate of pay with VeriClaim.

Korby has three years of service with VeriClaim, and Charmaine has four. The Director recommends that for the purpose of vacation accruals that this service be recognized by allowing Charmaine to begin accruing 15 days of vacation leave as of January 1, 2005 and Korby begin accruing 15 days of vacation leave as of January 1, 2006.

To assure that there is no interruption in health insurance coverage, staff proposes that the offer be effective January 1, 2004, and that Korby and Charmaine be paid for January 1 and 2. All other provisions of the UCIP Employment Policies and Procedures Manual will apply as written to Korby and Charmaine. Both have been provided a copy of the manual.

### **Recommendation**

Staff recommends authorizing the Director to extend employment offers as stipulated above to Korby Siggard and Charmaine Green.



COUNTY REINSURANCE, LIMITED  
MEMBER AGREEMENT

THIS AGREEMENT, effective from and as of the 1<sup>st</sup> day of January, 2004, is made by, between and among County Reinsurance, Limited, a Vermont Corporation ("Company") and the undersigned Member Pool.

RECITALS:

1. County Reinsurance, Limited ("Company") is an industrial insured group insurance company organized under the laws of the State of Vermont, and regulated by the Vermont Department of Banking, Insurance, Securities and Health Care Administration pursuant to the captive insurance laws of the State of Vermont. Captive Insurance Companies are not eligible for participation in the Vermont Property and Casualty Insurance Guaranty Fund.
2. Member Pools, by virtue of their purchase of insurance from County Reinsurance, Limited and their entering of this Agreement, indicate their intent to participate in, and abide by all applicable requirements of, the County Reinsurance, Limited insurance programs.
3. County Reinsurance, Limited insurance programs include, but are not limited to, reinsurance to state associations of counties and individual counties for their property and casualty exposures.
4. County Reinsurance, Limited will provide member pools with an opportunity to manage their risks in a cost-effective manner with premiums in excess of expenses to be returned to the member pools based on their "premium trust account" balances. Any amounts of expenses not covered by premiums will, to the extent possible, be covered by a reduction in the "premium trust accounts" in the same manner.
5. The terms and conditions contained in this Agreement are part of the insurance program. County Reinsurance, Limited and each member pool desire to enter into the insurance program pursuant to the terms and conditions set forth in the policy of insurance, the Articles of Association and By-Laws of County Reinsurance, Limited and this Agreement.

NOW, THEREFORE, the parties hereto, in consideration of the premises and the mutual representations, warranties, covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, agree as follows:

ARTICLE I  
THE COMPANY

- 1.01 Authority and Domicile. The Company has been incorporated under the laws of the State of Vermont and is licensed as a mutual captive insurance company under the provisions of Title 8 of the Vermont Statutes. The Company is domiciled and maintains its principal offices in the State of Vermont.
- 1.02 Articles of Association. The Articles of Association attached hereto under Exhibit A are hereby certified as a true and accurate copy of the Articles of Association of the Company as they currently exist.
- 1.03 By-Laws. The By-Laws, in substantially the form set forth under Exhibit B, are hereby certified as a true and accurate copy of the By-Laws of the Company as they currently exist.
- 1.04 Audited Financials. The most recent audited financial reports of the company, in substantially the form set forth under Exhibit C, are hereby certified as a true and accurate copy of the audited financial reports of the company as they currently exist.
- 1.05 Member Pools. Member Pools and membership in the Company shall be limited to, a single legal entity which is a non-profit, risk-sharing group of political subdivisions of a state or a political subdivision of a state and which (i) exists solely for the benefit of the political subdivisions participating in such group, (ii) retains a

significant amount of the risk so shared, (iii) is authorized to participate by a State Association or a risk-sharing pool affiliated with a State Association, (iv) be exempt from federal income tax under Internal Revenue Code Section 115, and (v) otherwise meets the underwriting and financial standards established from time to time by the Company.

## ARTICLE II PROFESSIONAL SERVICES

- 2.01 Professional Services. The Company shall procure such professional services, as may from time to time be necessary and proper for the conduct of its business. These services shall include but not be limited to Actuarial Services, Auditing Services, Brokerage Service, Management Services, Marketing Services, Claims Administration, and Loss Control Services, all subject to the supervision and policy direction of the Board of Directors.
- 2.02 Other Services. The Company shall procure such other management and/or professional services as may from time to time be necessary and proper for the conduct of its business.
- 2.03 Staff Development. Notwithstanding anything in this Agreement to the contrary, the parties hereto agree that the Company may develop the capacity internally to perform any of the services contemplated by this Article II.

## ARTICLE III COVERAGES

- 3.01 Actual Coverage Determined by Policies. It shall be the objective of the Company to offer the reinsurance coverages of the type set forth below in Section 3.02. The particulars pertaining to, among other things, scope, and exclusions (or special conditional coverage) for which the Company shall be responsible in any given circumstance shall be determined only by the applicable reinsurance policy issued to the Member Pool.
- 3.02 General Scope of Coverage. Subject to the provisions of Section 3.01, and subject further to exclusions (or special conditional coverage) of the character described in Section 3.03, and to the additional limitations contained in Section 3.04, the general scope of reinsurance offered by the Company shall be as follows:
  - (a) Liability, including:
    - (i) General liability for claims arising out of bodily injury and/or property damage, and covering premises, operations and contracts.
    - (ii) Automobile liability for claims arising out of bodily injury and/or property damage whether involving owned, hired or non-owned automobiles.
    - (iii) Errors and omissions liability for claims against county officials and employees (including boards and commissions) arising from their acts or failures to act in the course of carrying out their public duties.
    - (iv) Law enforcement liability for claims arising out of police and jail activities, including, but not limited to, civil rights actions.
    - (v) Personal injury liability arising out of claims against a county, its firefighters, police, and other city officials, employees, boards and commissions for false arrest, detention, false imprisonment, libel, slander, wrongful entry or eviction, invasion of privacy and similar claims.

- (b) Workers' compensation and employer's liability, including coverage for volunteers and part-time employees.
  - (c) Property owned, leased or borrowed by a covered county.
  - (d) Other. The Company may offer other coverages, such as health, as the Board of Directors may from time to time decide and applicable law shall permit.
- 3.03 General Limits to Coverage. The Company, based on its current reinsurance program, and specified in the applicable agreements with the member, shall determine the limits provided for each line of coverage.
- 3.04 Deviations. Any deviations from standard coverages as defined in Sections 3.02 and 3.03 shall be subject to approval by the Board of Directors.

#### ARTICLE IV PREMIUM TRUST ACCOUNTS AND PREMIUM

- 4.01 The current Minimum Deposits to Premium Trust Accounts and Premiums for the Member Pool are shown in Exhibit D attached hereto.
- 4.02 Agreement to Subscribe. The undersigned Member Pool hereby agrees; a) to make initial deposits to the Premium Trust Accounts and, b) to pay the initial Premiums as shown in Exhibit C attached hereto and to make any subsequent deposits to the Premium Trust Accounts as determined in accordance with the By-Laws and pay Premiums as established by the pricing policy and the Board of Directors.

#### ARTICLE V INCORPORATION OF THE BY-LAWS AND AGREEMENT TO COMPLY

- 5.01 Incorporation of By-Laws. The By-Laws of the Company are incorporated into, and become a part of, this Agreement. All obligations imposed on the members by the By-Laws shall be binding on the undersigned Member Pool, and all rights granted by the By-Laws to the Member Pools shall inure to the undersigned Member Pool and be binding on the Company.
- 5.02 Agreement to Comply. The undersigned Member Pool agrees to be bound by, and comply with, all of the terms and conditions set forth in the Member Agreement, and all related documents, including, but not limited, to the Articles of Association, the By-Laws and insurance policies.

#### ARTICLE VI REPRESENTATIONS AND WARRANTIES

- 6.01 Representations and Warranties of the Undersigned Member Pool. The undersigned Member Pool hereby severally represents and warrants to the other Member Pools and to the Company that:
  - (a) It has full power and authority, and has taken all necessary and proper action under its governing instruments and under applicable state law, to execute and deliver this Agreement and to consummate the transactions contemplated hereby.
  - (b) It meets all the requirements for a tax exemption under the Internal Revenue Code Section 115.

- (c) This Agreement constitutes a valid and binding obligation of the undersigned Member Pool, enforceable against it in accordance with its terms.
  - (d) There are no actions pending or, to the best of its knowledge, threatened by or against the undersigned Member Pool with respect to this Agreement to which such Member Pool is a party, or in connection with the transactions contemplated hereby, nor does such Member Pool have reason to believe there is a valid basis for any such action.
  - (e) To the best of its knowledge after diligent inquiry, all information supplied by the undersigned Member Pool for inclusion in the Exhibits hereto is true and correct.
  - (f) It has such knowledge and experience in financial, insurance and business matters that it is capable of evaluating the merits and risks of participating in the company's insurance program.
  - (g) It has received and carefully reviewed the company's most recent audited financial reports.
- 6.02 Representations and Warranties of the Company. The Company hereby represents and warrants to the undersigned Member Pool that:
- (a) It has full power and authority, and has taken all necessary and proper action under its governing instruments and under applicable state law, to execute and deliver this Agreement, and to consummate the transactions contemplated hereby.
  - (b) This Agreement constitutes a valid and binding obligation of the Company, enforceable against it in accordance with its terms.
  - (c) There are no actions pending or, to the best of its knowledge, threatened by or against the Company with respect to this Agreement to which the Company is a party, or in connection with the transactions contemplated hereby, nor does the Company have reason to believe there is a valid basis for any such action.
  - (h) To the best of its knowledge after diligent inquiry, all information supplied by the Company for inclusion in the Exhibits and Schedules hereto are true and correct.
- 6.03 Survival of Representations. All representations, warranties and agreements made in this Agreement, or pursuant hereto, shall survive the execution and delivery hereof.

## ARTICLE VII EFFECTUATION OF AGREEMENT

- 7.01 Procedure. The undersigned Member Pool hereby agrees to make the Total Contribution detailed in Exhibit C by delivering by wire transfer to a depository to be designated by the Company, not later than 5:00 o'clock, p.m., Eastern Daylight Time, 30 Days after the invoice date.
- 7.02 Closing. The closing of the transactions contemplated by this Agreement shall be deemed to have occurred when all of the funds contemplated by Section 7.01 have been transferred; and this Agreement has been executed and delivered by the undersigned Member Pool and by the Company.

## ARTICLE VIII MISCELLANEOUS PROVISIONS

- 8.01 Amendments. This Agreement may be amended, modified or supplemented only by written agreement duly executed by all of the parties hereto.
- 8.02 Benefit and Burden. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, as the case may be; provided, however, that no party hereto may assign this Agreement in whole or in part, or any of its rights, duties, powers or privileges hereunder, without the prior written consent of each of the other parties hereto.
- 8.03 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Vermont (without regard to its conflicts of law doctrines).
- 8.04 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument and shall become a binding agreement when one or more of the counterparts have been signed by each of the parties and delivered to each of the other parties hereto.
- 8.05 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if and when delivered by hand or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

If to the Company, to:

County Reinsurance, Limited  
c/o USA Risk Group  
P.O. Box 306  
Montpelier, VT  
Attn: Mr. Andrew Sargeant

If to the undersigned Member Pool, to: the address to which this Member Agreement was sent.

Notices and communications delivered by certified or registered mail shall be deemed to have been given on the date entered on the return receipt.

- 8.06 Entire Agreement. This Agreement embodies the entire agreement and understanding of the parties hereto in respect of the subject matter contained herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.
- 8.07 Brokers. The Company and the undersigned Member Pool represent and warrant to one another that if any of them has employed any broker or agent relating to this Agreement it shall pay any brokerage commission payable to said broker or agent. The Company and the undersigned Member Pool shall indemnify and hold one another harmless from and against any claim or claims for brokerage or other commissions arising from or out of any breach of the foregoing representations.
- 8.08 Gender and Number. Feminine or neuter pronouns shall be substituted for those of the masculine form, and the plural shall be substituted for the singular number, in any place or places herein that the context may require.
- 8.09 Invalidity of Particular Provisions. If any provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

8.10 Article and Section Headings. The title headings of the respective Articles and Sections of this Agreement are included for convenience only and shall not be otherwise deemed to be a part of this Agreement or considered in its construction.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

ATTEST: COUNTY REINSURANCE, LIMITED

(Seal) Philip S. Beep \_\_\_\_\_  
Executive Director Date

WITNESS:

\_\_\_\_\_  
Date

ATTEST: UTAH COUNTIES INSURANCE POOL

(Seal) \_\_\_\_\_  
Authorized Representative Date

WITNESS:

\_\_\_\_\_  
Date

## **AGENDA ITEM SUMMARY**

### ***Item Description***

Consider authorizing designation of certain funds carried in the fund balance from year to year.

### ***Background, Discussion***

When UAC transferred the agreed-upon funds to UCIP, reserves for the building, building repairs and maintenance and automobiles were included. Staff, working with our auditors, recommends designating these funds within the overall fund balance as appropriated net assets and carrying them over from year to year. Specifically, the identified accounts would be as follows:

Appropriated net assets:

- Auto-amount transferred from UAC \$13,300
- Building debt service-amount transferred from UAC \$42,975
- Building repairs and maintenance-amount transferred from UAC \$15,087

Funds that are budgeted but not accrued or spent lapse into the fund balance. The appropriated net assets are part of the fund balance but the Board has “spoken for them”.

### ***Recommendation***

Staff recommends establishing the appropriated net assets accounts to denote funds from year to year for these specific purposes and that the current budgeted and unspent amounts for each account be designated from the 2003 budget year to be shown as appropriated net assets in the 2004 budget year.



## **AGENDA ITEM SUMMARY**

### ***Item Description***

Consider appointing the Director as the representative to County Reinsurance Limited.

### ***Background, Discussion***

CRL requires a resolution of the Board to appoint a representative to CRL.

### **Recommendation**

Staff recommends passage of the resolution.

**RESOLUTION APPROVING A REPRESENTATIVE TO COUNTY REINSURANCE  
LIMITED**

WHEREAS, the Utah Counties Insurance Pool has proven to be successful and highly valued in providing its members with a stable source of casualty coverages; and

WHEREAS, the Utah Counties Insurance Pool has provided its members with specialized and high quality claims and loss control services; and

WHEREAS, the Utah Counties Insurance Pool has provided coverage to its members in a cost efficient manner; and

WHEREAS, the Board of Trustees of the Utah Counties Insurance Pool recognizes the benefits of alternative risk financing for its membership; and

WHEREAS, the Board of Trustees recognizes the opportunity to further enhance and expand the long-term benefits to its membership by participating in a multi-state reinsurance facility.

NOW, THEREFORE, be it resolved that the Board of Trustees of the Utah Counties Insurance Pool agrees to join with the county pools of other states in participating in County Reinsurance Limited and hereby appoints Lester Nixon as its official representative to County Reinsurance Limited. This appointment is valid until rescinded by the Board of Trustees.

APPROVED AND ADOPTED this 18 day of December, 2003.

BOARD OF TRUSTEES  
UTAH COUNTIES INSURANCE POOL

By: \_\_\_\_\_  
Dan R. McConkie, President

## **AGENDA ITEM SUMMARY**

### ***Item Description***

Request by Juab County to include their Special Service Fire District as part of the County's exposure base.

### ***Background, Discussion***

The Fire District is governed by an 11-member board. The County Commissioners sit on the Board, plus they appoint three other Board members. A list of the Board members is attached.

The Fire District budget is attached. The budget is approved by the County Commission and their appointee, County Administrator Mike Seely, prepares the budget and periodically reviews it with the County Commission.

The Fire District has no full-time employees. All firefighters are part-time paid. They receive between \$6.40 and \$10.00 per hour for callouts and 1 to 2 hours per month of training. The County Commission has hire/fire authority over the volunteers.

### ***Recommendation***

Staff recommends approval of the request from Juab County.

# JUAB SPECIAL SERVICE FIRE DISTRICT

## BUDGET

For the year ended: DECEMBER 31, 2003

	GENERAL FUND		BUDGET	ENTERPRISE FUND	
	ACTUAL EXPENDITURES PRIOR YEAR	CURRENT YEAR		ACTUAL EXPENDITURES PRIOR YEAR	CURRENT YEAR
<b>REVENUES</b>					
Taxes: Property	\$337,334.00	\$296,866.64	\$286,436.00		
Other: Miscellaneous Revenue	\$1,217.00	\$34,347.33	\$10,400.00		
Fee-in-Lieu of Taxes		\$30,031.94	\$30,000.00		
Charges for Services	\$73,402.00	\$14,401.00	\$21,815.00		
Interest Income		\$7,215.57	\$7,000.00		
Grant Revenues	\$90,779.00	\$324,187.40	\$127,500.00		
Other Financing Sources:					
Loan Proceeds	\$637,520.00	\$261,022.50	\$0.00		
Contribution from/other Govt. Entities	\$762,040.00				
Usage of Beginning Fund Balance		\$149,000.00			
<b>TOTAL REVENUES</b>	<b>\$1,902,292.00</b>	<b>\$1,107,072.38</b>	<b>\$483,151.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>EXPENSES</b>					
Salaries and Benefits	\$74,201.00	\$45,256.76	\$57,160.00		
Other Operating Expenses	\$138,818.00	\$731,660.12	\$425,991.00		
Depreciation					
Debt Service	\$53,176.00	\$181,155.50	\$0.00		
Capital Outlay	\$1,225,586.00				
Other					
Other Financing Uses:					
Transfers to Other Funds		\$149,000.00	\$0.00		
Contribution to Fund Balance	\$410,511.00				
<b>TOTAL EXPENSES</b>	<b>\$1,902,292.00</b>	<b>\$1,107,072.38</b>	<b>\$483,151.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

INCOME OR (LOSS)

# JUAB SPECIAL SERVICE FIRE DISTRICT

## BUDGET

For the year ended: DECEMBER 31, 2003

REVENUES	CAPITAL PROJECTS FUND			DEBT SERVICE FUND		
	ACTUAL EXPENDITURES PRIOR YEAR	CURRENT YEAR	BUDGET	ACTUAL EXPENDITURES PRIOR YEAR	CURRENT YEAR	BUDGET
Bond Issues						
Property Taxes						
Fee-in-Lieu of Taxes						
Investment/Interest Income						
Transfers from:						
General Fund		\$149,000.00	\$0.00			
Other:						
<b>TOTAL REVENUES</b>	<b>\$0.00</b>	<b>\$149,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
Beginning Fund Balance		\$0.00	\$149,000.00			
Available for Use	<b>\$0.00</b>	<b>\$149,000.00</b>	<b>\$149,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>EXPENDITURES</b>						
Debt Service						
New Fire Stations Accumulation			\$75,000.00			
Equipment Purchases Accum.			\$49,000.00			
Building / Equip Renovations Accum.			\$25,000.00			
Transfers to:						
Fund						
Fund						
Other:						
Contribution to Fund Balance		\$149,000.00				
<b>TOTAL EXPENDITURES</b>	<b>\$0.00</b>	<b>\$149,000.00</b>	<b>\$149,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>ENDING FUND BALANCE</b>	<b>\$0.00</b>	<b>\$149,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

## Fire District Contact List

11/19/2003

Name	Mailing Address	Work Phone #	Home Phone #	Cell Phone #	Fax Phone #	Email Address
Aagard, Ryan	P.O. Box 245 Levan, UT 84639	(435)623-5529	(435)623-5529		435-623-2730	loygra@cut.net
Bateman, Kent	P.O. Box 515, Levan, UT 84639	801-352-2997	435-623-1218	801-514-9959	435-623-1219	kentbateman@integraonline.com
Farr, Mark	1437 N. 550 E., Nephi, UT. 84648		435-623-7541	801-319-7236	435-623-5443	mfarr@nlight.com
Conder, Lloyd E.	P.O. Box 108 Eureka, UT 84628	(435)433-6915	(435)433-6325		435-433-6891	eureka15@cut.net
Cook, Neil V.	726 E. 400 N. Nephi, UT 84648	(435)623-2033	(435)623-2145			nvcook@nebonet.com
Howarth, Wm. Boyd	245 S. 400 E. Nephi, UT 84648		(435)623-0541		435-623-3438	boydh@co.iuab.ut.us
Davis, Perry <i>Treas</i>	160 North Main, Nephi, UT. 84648		(435)623-3465		435-623-4522	perryd@co.iuab.ut.us
Spencer, Derrel D.	HC 60 Box 169 Rocky Ridge, UT 84645	(435)623-4221	(435)623-4221		435-623-3342	rrfd@nebonet.com
Steele, Bob	1055 N. 400 E. Nephi, UT 84648	(435)623-1877	(435)623-1877		435-623-3438	bobs@co.iuab.ut.us
Snur, Richard	Mona, UT 84645		(435)623-5115			
<i>Vacant - County Agent</i>						

## CLAIMS SERVICE AGREEMENT

This Claims Service Agreement ("Agreement") is entered into as of the 1<sup>st</sup> day of January 2004 by and among **ALTERNATIVE SERVICE CONCEPTS LLC**, a Delaware corporation ("ASC") and **Utah Counties Insurance Pool**, a trust established and existing pursuant to the laws of the state of Utah (the "Pool").

### WITNESSETH:

- A. **WHEREAS**, the Pool is a trust which has been created to provide a comprehensive worker's compensation program to members of the Utah Counties Insurance Pool, a Utah not for profit corporation and the Pool desires to have ASC provide specific services in connection with such self-insurance program; and
- B. **WHEREAS**, ASC is, as of the effective dated of this Agreement, qualified pursuant to the laws of the State of Utah, to do business in the State of Utah and shall remain qualified during the term of this Agreement; and
- C. **WHEREAS**, ASC is licensed in accordance with all applicable regulation and law to perform its obligations under this Agreement; and
- D. **WHEREAS**, as of the effective dated of this Agreement, ASC is engaged in the business of servicing approved workers' compensation self-insurance programs; and
- E. **WHEREAS**, ASC is willing to provide the services set forth in this Agreement subject to the management and control of the Pool by its Board of Trustees and officers and on the terms and conditions hereinafter stated; and
- F. **WHEREAS**, ASC will provide a staff solely dedicated solely to perform its obligations under this Agreement and such staff will be maintained on the leased premises pursuant to the terms of the lease.
- G. **WHEREAS**, as an inducement tot he Pool to engage ASC for its services; ASC desires to acknowledge and agree to non-solicitation, non-competition and nondisclosure obligations set forth in this Agreement;

**NOW, THEREFORE**, for the sum of One Hundred Dollars (\$100.00) paid by each of the parties hereto to the other and the mutual covenants and conditions herein contained, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged the parties agree as follows:

**SECTION 1. Services to be performed by ASC:** **Subject** to the management and control of the Pool by its Board of Trustees and officers, ASC agrees to perform the following services (unless defined below as an Allocated Loss Expense), all services to be provided by ASC shall be provided at the sole cost and expense of ASC:

- A. With regard to CLAIMS ADMINISTRATION; ASC shall:
  - (1) Provide complete claims services necessary for the administration of a comprehensive workers' compensation insurance program. Specifically, ASC will review, prepare, oversee, supervise and timely file all claim and loss reports received from and on behalf of the Pool during the term of this Agreement and process each such claim or loss report in accordance with applicable statutory and administrative regulations of the State of Utah.
  - (2) Conduct a detailed investigation of each reported claim or loss under subparagraph 1.A.(1) above ( hereinafter referred to as a "qualified claim or loss") in accordance with industry-wide best practices;
  - (3) Arrange for independent investigations by medical or other experts to the extent necessary in connection with processing any qualified claim or loss;
  - (4) Pay, pursuant to Section 2B below, medical and death benefits, temporary and permanent disability compensation and other losses and expenses, but only if in the judgment of ASC, each such payment would be prudent for the Pool and the amount of each separate disbursement

- in payment thereof does not exceed \$50,000.00, or the Board of Trustees of the Pool (the "Board of Trustees") or Chief Operating Officer of the Pool specifically approves or directs such action;
- (5) Perform reasonable, necessary and customary administrative and clerical work in connection with qualified claims or losses;
  - (6) Maintain a separate file for each qualified claim or loss, which files include the records, documents and other papers contained therein and any records in electronic format. Each such file and all their contents (including any records in electronic format) shall at all times (whether during or after the term of this Agreement), be and remain the exclusive property of the Pool, shall be available for review by the Pool at any reasonable time and shall be immediately returned or delivered to the Pool upon the termination or expiration of this Agreement or at any other time at the request of the Pool;
  - (7) Acknowledge in writing or by telephone to Pool members receipt of all qualified lost-time claims within twenty-four (24) hours of telephonic or written notification from Pool members of such claim or loss reports;
  - (8) Utilize, to the extent required by applicable law or regulation and as duly authorized and directed by the Pool, medical cost containment services and case management services including, but not limited to possible bill audit, utilization review, peer review and rehabilitation;
  - (9) Prepare, maintain and file all routine records and reports required by applicable state law or regulation with appropriate state and/or federal agencies and rating bureaus. In the event of a special request, the provisions of Section 1A(19) apply;
  - (10) Provide recommended claim reserves and continuous review and updating of claim reserves to reflect establishment and/or changes of such reserves;
  - (11) Assist in connection with the Pool's selection of counsel to defend qualified claims or losses, if requested by the Pool;
  - (12) Assist the Pool's counsel, if requested or if necessary, in preparing the defense of litigated cases, negotiating settlements and pursuing subrogation or contribution actions;
  - (13) Monitor the treatment programs recommended for employees by physicians, specialists and other health care providers by reviewing all reports prepared by them and maintaining all necessary contact with such providers as appropriate;
  - (14) Assist and advise the Pool in interpreting medical reports to consider the circumstances under which an ill or injured employee who desires to do so could return to work in the shortest period of time;
  - (15) Maintain a current estimate of the potential exposure of each qualified claim or loss;
  - (16) Prepare all statistical data necessary and customary for the administration of a comprehensive workers' compensation insurance program will be available through the use of the computer system and furnish to the Pool those claims, loss and other informational and customary reports upon request (unless otherwise set forth below) or as may be otherwise requested by the Board of Trustees from time to time in a form and manner reasonably acceptable to the Pool, including, but not limited to the following:
    - (a) State Reports (as needed)
    - (b) Federal 1099 Information ( annually, in hard copy form and electronic format suitable for filing with the Internal Revenue Service)

- (c) Information required by regulatory authorities (including the Department of Insurance, the Industrial Commission, and the workers' compensation commission)

These reports shall at all times be and remain the exclusive property of the Pool. ASC shall file with the applicable regulatory authority, excess broker, reinsurer, actuary, agents or accountant of the Pool routine and customary reports as required on a periodic basis. In the event of a special request from a regulatory authority, excess broker, reinsurer, actuary, agents or accountant of the Pool, regarding the Pool which request is not routine, customary and periodic, the undersigned parties acknowledge and agree that they shall cooperate to prepare an appropriate response subject to the control and direction by the Pool regarding such response and subject to applicable law. The intent of this provision is to assure accurate information is provided to the applicable regulatory authority or inquiring party in the event of such a special request;

- (17) Provide on line access to the claim system so that the Pool may run reports on a routine basis.
- (18) Submit vouchers, on behalf of the Pool, for all valid claims and losses and all Allocated Loss Expenses incurred in connection with a qualified claim or loss, for which payment has been authorized under this Agreement or by the Board of Trustees or officers of the Pool. It is agreed that ASC shall have authority and control in all matters, subject to any guidelines or directives as may from time to time be established or set forth by the Board of Trustees, pertaining to the payment, processing, investigation and administration of qualified claims or losses within the limits established by this Agreement.
- (19) Provide written narrative reports in compliance with excess carrier guidelines and as otherwise requested by the Pool;
- (20) Promote and implement a toll free call service so those members of the Pool may report claims.

**B.** With regard to MEDICAL CONTROL, ASC shall:

- (1) Assist the Pool, where applicable state rules and regulations permit, in the selection of a panel of physicians or other providers of health care to initially treat employees and a panel of medical specialists to provide long-term, specialty or managed care;
- (2) The Pool will establish and maintain a trust account herein after referred to as the Claims Account. All vouchers will be submitted by ASC to the Pool for prompt payment, payable within three business days of receipt. Any payment in excess of \$50,000 will be approved by the Board of Trustees of the Pool. On behalf of the Pool, contract with as necessary, a medical representative to review and interpret medical reports, coordinate second opinions, and maintain communication with health care providers.

**C.** With regard to EMPLOYEE COUNSELLING, ASC shall:

- (1) If the Pool requests, consult with employee groups in regard to specific aspects of the self-insurance program;
- (2) Assist the Pool in developing policies and procedures to ensure that an employee's return to work or reassignment is consistent with any findings of an appropriate state administrative agency.

- D. With regard to PROGRAM DEVELOPMENT, ASC shall, upon the Pool's request:
- (1) Consult with key personnel of the Pool on the establishment and coordination of necessary procedures and practices to meet any applicable state requirements, all applicable legal requirements and the needs of the Pool;
  - (2) Participate in the orientation of the Pool's personnel who are directly or indirectly involved in the processing of qualified claims or losses;
- E. With regard to Annual Reports of ASC, shall provide the Pool, from time to time as reasonably requested by the Pool, unaudited financial statements of ASC, and, within ninety (90) days following the close of ASC's fiscal year, provide the Pool with audited financial statements of ASC which have been prepared by an independent certified public accountant in accordance with generally accepted accounting principles. Such financial statements shall be kept confidential by the Pool.
- F. ASC agrees to maintain a staff (the "Dedicated Staff") at the leased premises identified on the attached Exhibit A. The Dedicated Staff shall at all times consist of a staff including the minimum of one Claim Administrator, which shall be capable, qualified and licensed to perform their respective functions. The Dedicated Staff of ASC shall work exclusively in the performance of ASC's obligations under this Agreement and shall not be used in any other capacity whatsoever without the prior written consent of the Pool. In addition to the Dedicated Staff, ASC shall provide all other necessary staffing and resources required for the performance of its obligations under this Agreement.

## **SECTION 2.**

### **Obligations of the Pool**

- A. In consideration for the services to be provided by ASC as set forth in Section 1 of this Agreement, the Pool shall pay to ASC a service fee ("Service Fee") following the end of each calendar month during the term of this Agreement (each "Service Fee" for each Service Period shall be paid thirty days (30) following the end of each Service Period. The Service Fee shall be an amount based on cost plus twelve (12) per cent. Outlined below are the anticipated expenses, which will be reconciled to actual on a quarterly basis.

# **DEDICATED UNIT COST PLUS** **– estimated expenses**

EXPENSE CATEGORY									
Base Salary				\$63,000	1 adjuster @ \$45,500 (start 1/1/04), 1 clerical/administrator at \$30,000 (start at 6/1). Hires only to occur if claim volume justifies it.				
Benefits				\$15,750					
Systems				\$14,985					
Overhead				\$39,804	Includes corporate overhead, rent, utilities, etc.				
Insurance				\$5,563					
Communications				\$6,000					
Travel and Entertainment				\$5,000					
Mail				\$3,000					
Supplies				\$1,500					
Medical Cost Management:									
Fee Scheduling				18%	of savings				
PPO Usage				18%	of savings				
Miscellaneous Fees				\$1,200					
			<b>sub total</b>	155,802\$					
			Profit 12%	\$18,696					
			<b>Total</b>	<b>\$174,498</b>					
One Time Expenses				\$7,550	Set up fees				
			<b>Grand Total</b>	<b>\$181,998</b>					

## **Additional Services and Fees<sup>1</sup>**

Client Data Transmission .....	\$295 / Release
Carrier Data Transmission .....	\$400 / Release
Data Conversion From Prior Administrator .....	At Cost
On-Line Access (One User) .....	No Charge
Additional Users .....	\$60 / User / Mo
Standard/Customized Reports Produced by the Mutual .....	No Charge
Standard/Customized Reports Produced by <b>asc</b> .....	\$50 / Copy
Systems Training .....	T&E (\$85 / Hr)
Customized Programming .....	\$180 / Hr
Index Bureau Reporting .....	\$6 / Report
Actuarial Data Requests .....	\$50 / Hr
Travel Over 100 Miles .....	T&E (\$85 / Hr)

<sup>1</sup> As required or requested. Most services are optional.

B. ASC will submit vouchers to the Pool for all payments associated with the WC claims.

C. It is the parties' interest that ASC's sole source of revenue, fees or compensation under this Agreement shall be from the Service Fee set forth in Section 2 A above. For purposes of this Agreement, "Allocated Loss Expenses " include the following:

- (1) Fees to attorneys for claims in suit and for representation at hearings or pretrial conferences; and
- (2) Fees to court reporters; and
- (3) All court costs, court fees and court expenses; and
- (4) Pre and post judgment interest paid as a result of litigation; and
- (5) Fees for service of process; and
- (6) Costs for undercover operative and detective services; and
- (7) Costs from employing experts for the preparation of maps, professional photographs, accounting, chemical or physical analysis or diagrams; and
- (8) Costs from employing experts for their advice, opinions or testimony concerning claims under investigation or in litigation or for which a declaratory judgment is sought; and
- (9) Costs for independent medical examinations and/or evaluation for rehabilitation and/or to determine the extent of the Pool's liability; and
- (10) Costs of legal transcripts of testimony taken at coroner's inquest, criminal or civil proceedings; and
- (11) Costs for copies of any public records an/or medical records; and
- (12) Costs of depositions and court-reported an/or recorded statements; and
- (13) Costs and expenses of subrogation when referred to outside attorneys; and
- (14) Costs of engineers, handwriting experts and/or any type of expert used in the preparation of litigation and/or used on a one-time basis to resolve disputes; and
- (15) Any other similar cost, fee or expense reasonably chargeable to the investigation, negotiation, settlement or defense of a claim or loss to which the protection or perfection of the subrogation rights of the Pool which must have the explicit prior approval of the Pool; and
- (16) Managed care services provided by ASC, either directly or indirectly through a third party subcontractor.

Allocated Loss Expenses shall not include:

- (1) Fees for attorneys who are employed by ASC except for fees incurred for services rendered under Section 2(D) (1) above; and
- (2) Any fee cost or expense included in the services to be performed by ASC under Section 1 of this Agreement.

D. The Pool shall designate a representative to work closely with ASC to review claim and loss schedules and other payment request schedules so that necessary funds are transferred on a timely basis into the Claims Account.

**SECTION 3. ASC Qualifications and Registration Requirements:**

- A. ASC will as of the effective date of this Agreement and for the duration of this Agreement, qualify, pursuant to the laws of the State of Utah, to do business in the State of Utah.
- B. As of the effective date of this Agreement, and for the duration of this Agreement, ASC will have made application to, and been approved by the appropriate agencies of Utah to engage in the business of servicing workers' compensation self insurance programs. As of the effective date of this Agreement, and for the duration of this Agreement, ASC will maintain all its licenses required by all applicable law and regulation to perform ASC's obligations under this Agreement.

**SECTION 4. Geographic Limitations/Non Solicitation of Customers of Pool:**

This Agreement shall cover all operations of the Pool in the State of Utah. ASC understands and agrees that ASC is performing all services pursuant to this Agreement in a fiduciary capacity on behalf of the Pool. All obligations of ASC to be performed hereunder shall be performed in such a manner and to the level of services as would be required of a fiduciary. ASC also agrees and acknowledges that during the term of this Agreement, and for the two (2) year period following the termination of this Agreement for any reason whatsoever, ASC will not, either directly or indirectly, individually or collectively, or through any insurance agent, claims administrator, insurer or otherwise, write insurance policies for, quote insurance policies to, or solicit, any employer who is a customer of the Pool in Utah.

**SECTION 5. Term of Agreement and Termination:**

- A. The term of this Agreement shall be for a period commencing on January 1, 2004 and ending on January 1, 2007 and this Agreement shall automatically renew for successive one (1) year periods thereafter; provided however, either party may terminate this Agreement at the end of the initial term or any successive term by providing written notice to the other party not later than ninety (90) days prior to the end of the term. Notwithstanding the above, either party may terminate this Agreement immediately for Cause upon providing written notice of such termination for Cause to the other party. For purposes of this Agreement, "Cause" shall mean:
  - (1) in the case of termination by the Pool:
    - (a) upon the dissolution, insolvency or bankruptcy of ASC;
    - (b) If ASC fails to perform as required in accordance with the terms of this Agreement (a "breach"), the Pool has notified ASC of such breach and ASC has not cured such breach within (15) fifteen days of such notice; provided that for those breaches that, in the opinion of the Board of Trustees of the Pool, jeopardize the existence of the Pool, the Pool shall be entitled to immediately terminate this Agreement by providing written notice to ASC.
    - (c) In the first 90 days of this Agreement's inception the Pool may terminate this contract for any reason and receive a full refund of the amounts paid to ASC.
  - (2) in the case of termination by ASC, if the Pool fails to perform in accordance with the terms of this Agreement, ASC has notified the Pool in writing of such failure to perform and the Pool has not cured such failure to perform within fifteen (15) days of such notice.

**SECTION 6. All Files, Records, Information and other Documentation Property of the Pool**

All files, documentation, information, papers and other information compiled, maintained or arising pursuant to the services performed by ASC pursuant to this Agreement shall be and remain at all times the sole and exclusive property of the Pool, regardless of whether during or after the term of this Agreement such files, documents, records, papers or other information are maintained at the premises of ASC, the Pool or elsewhere. Upon the termination or expiration of this Agreement, or at any other time requested by the Pool, ASC shall return or deliver all such files, records, documents, papers and other information to the Pool upon any request for all or a portion of same records. The files, records, documents, papers and other information referred to in this section shall include, but in no way be limited to, claims, loss, loss control, underwriting, agent and other related files.

During the term of this Agreement and at any time thereafter, ASC shall not disclose to any third party (or permit the disclosure of) such files, documents, records, papers or other information maintained or arising from the services performed hereunder except as expressly authorized in writing by the Pool.

**SECTION 7. Insurance, Fidelity Bond**

Throughout the term of this Agreement, with respect to the operations performed under or incident to this Agreement, ASC shall obtain and maintain insurance acceptable to the Pool which is primary as to any other existing valid and collectible insurance, and except for Errors and Omissions, Worker's Compensation, Employer's Liability and Contractual Liability, names the Pool as an additional insured. Such insurance shall include:

- A. Errors and Omissions Insurance Coverage of not less than One Million Dollars (\$1,000,000) or that amount as may be required from time to time by state law whichever amount is greater;
- B. A fidelity bond with coverage in an amount not less than the greater of Two Million Dollars (\$2,000,000) or that amount as may be required from time to time by state law, whichever amount is greater;
- C. Workers Compensation Insurance covering ASC, and, as required by law, ASC employees; and Employer's Liability Insurance as required by law;
- D. Comprehensive General Liability Insurance including the following coverage's:
  - (1) Premises operation;
  - (2) Products liability/completed operation; and
  - (3) Contractual liability insurance

All of the above with a minimum combined single limit of One Million Dollars (\$1,000,000) for each occurrence (or the equivalent) for bodily injury and property damage, including personal injury.

- E. Automobile coverage for ASC employees with a combined single limit of \$1,000,000 and to include hired/non-owned coverage.

ASC shall furnish the Pool with certificates of insurance which provided that coverage will not be cancelled prior to thirty (30) days advance written notice to the Pool.

**SECTION 8. Notices:**

Any notice required to be given under this Agreement shall be sent by overnight, certified or registered mail, postage prepaid, or by overnight delivery or by facsimile to the following:

If to ASC            Robert Bennett, CEO  
                         1415 Murfreesboro Rd. Suite 600A  
                         Nashville, TN. 37217  
                         Fax Number: (615) 360-1343  
                         Phone Number (615) 360-2820

If to the Pool

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SECTION 9. Assignments/Successors**

This Agreement shall not be assignable in whole or in part by either party without the prior written consent of the non-assigning party.

**SECTION 10. Entire Agreement and Modification of Amendment**

This Agreement represents the full and final understanding of the parties with respect to the subject matter described herein and supersedes any and all prior agreements or understandings, written or oral, express or implied. This Agreement may not be modified or amended without the prior written consent of the parties hereto.

**SECTION 11 Indemnity**

- A. ASC agrees to indemnify, defend and hold the Pool harmless from and against all reasonable costs, damages, penalties, claims demands judgments, attorney's fees, expenses, obligations and liabilities of any kind or nature which the Pool may incur or sustain as the result of any claims of any errors, omissions, torts, intentional torts, violations of law or other negligence on the part of ASC and/or its employees and subcontractors.
- B. The Pool agrees to indemnify, defend and hold ASC harmless from and against all reasonable costs, damages, claims, demand, judgments, attorney's fees, expenses, obligations and liabilities of any kind or nature which ASC may incur or sustain as the result of any claims resulting from errors, omissions, torts, intentional torts, violations of applicable law, or negligence on the part of the Pool and/or its employees.

**SECTION 12. Applicable Law:**

The terms and conditions of this Agreement shall be governed by the laws of the State of Utah.

**SECTION 13. Severability:**

The invalidity or un-enforceability of a particular provision of this Agreement shall not affect the other provisions hereof; and this Agreement shall be construed in all respects to the extent possible, as if such invalid or enforceable provision(s) were omitted.

**SECTION 14. Headings:**

Headings herein are for convenience of reference only and shall not be considered in any interpretation of this Agreement.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed on the day and date first above written.

ALTERNATIVE SERVICE CONCEPTS LLC.

By: \_\_\_\_\_  
Robert Bennett CEO

UTAH COUNTIES INSURANCE POOL

By: \_\_\_\_\_

**Utah Counties Insurance Pool  
Payments**  
November 13 - December 18, 2003

Type	Date	Num	Name	Memo	Split	Amount
<b>WF-Expense</b>						
Liability Check	11/25/2003		QuickBooks Payroll Service	Created by Payroll Service on 11/24/2003	-SPLIT-	-5,563.23
Paycheck	11/26/2003		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	11/26/2003		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	11/26/2003		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Check	11/28/2003	VISA	Wells Fargo	Account Number: 4856 2002 0646 9796	-SPLIT-	-499.38
Check	11/28/2003	VISA	Wells Fargo	Account Number: 4856 2002 0646 9788	-SPLIT-	-1,565.10
Check	11/28/2003	VISA	Wells Fargo	Account Number: 4856 2002 0633 9635	Loss Control / Training	-28.34
Liability Check	11/28/2003		United States Treasury	87-0495792	-SPLIT-	-3,532.06
Liability Check	11/28/2003		Nationwide Retirement Solutions	Entity: 644013	-SPLIT-	-1,563.00
Liability Check	12/12/2003		QuickBooks Payroll Service	Created by Payroll Service on 12/11/2003	-SPLIT-	-5,563.24
Paycheck	12/13/2003		Lester J. Nixon	Direct Deposit	-SPLIT-	0.00
Paycheck	12/13/2003		Mark W. Brady	Direct Deposit	-SPLIT-	0.00
Paycheck	12/13/2003		Sonya J. White	Direct Deposit	-SPLIT-	0.00
Liability Check	12/18/2003	2164	Utah Retirement Systems	Unit No: 864 (November 2003)	-SPLIT-	-2,902.01
Check	12/18/2003	2165	Jonathan D. Woods	Reimbursable Expenses	Loss Control / Training	-482.63
Check	12/18/2003	2166	PEHP-LTD	Coverage Period: December 2003	Medical	-92.58
Check	12/18/2003	2167	TCNS, Inc.	Invoice Number: 1522	Office Equipment	-992.00
Check	12/18/2003	2168	TCNS, Inc.	Invoice Number: 1550	Information Technology	-210.00
Check	12/18/2003	2169	TCNS, Inc.	Invoice Number: 1625	Information Technology	-14.00
Check	12/18/2003	2170	Dixie Center	Invoice Number: D1293	Loss Control / Training	-1,535.90
Check	12/18/2003	2171	TelAmerica	Invoice Number: 1532082	Telephone	-89.34
Check	12/18/2003	2172	Red Cliffs Lodge	Board Retreat (June 2-4) Deposit	Board Expense	-500.00
Check	12/18/2003	2173	Print2day		-SPLIT-	-1,394.29
Liability Check	12/18/2003	2174	Utah Local Governments Trust	Customer Number: 1576.0	-SPLIT-	-2,598.56
Check	12/18/2003	2175	VeriClaim, Inc.	Invoice #2420945008	Claims Management	-40,379.67
Check	12/18/2003	2176	Steven Wall	Reimbursable Expenses	-SPLIT-	-171.74
Check	12/18/2003	2177	Civic Research Institute	Order Number: 1220760-R2	Loss Control / Training	-132.95
Check	12/18/2003	2178	Thompson Publishing Group, Inc.	Account Number: 5545124	Loss Control / Training	-329.00
Check	12/18/2003	2179	VeriClaim	VeriClaim Property Purchase	Office Equipment	-500.00
Check	12/18/2003	2180	Qwest	Account Number: 801-293-3098-606B	Telephone	-134.94
Check	12/18/2003	2181	Larson & Company	Invoice Number: 7703	Accounting	-625.00
Check	12/18/2003	2182	Tri-Tel Communications, Inc.	Invoice Numbers: 123221	Office Equipment	-1,823.17
Check	12/18/2003	2183	Newspaper Agency	Account Number: U2933098L-07	Board Expense	-27.52
Check	12/18/2003	2184	Mark W. Brady	Reimbursable Expenses	-SPLIT-	-718.81
Check	12/18/2003	2185	UT Division Corporations Commercial Code	Entity Number: 1146328-0140	Board Expense	-17.00
Paycheck	12/18/2003	2202	Lester J. Nixon	Annual Award	-SPLIT-	-226.59
Paycheck	12/18/2003	2203	Mark W. Brady	Annual Award	-SPLIT-	-226.59
Paycheck	12/18/2003	2204	Sonya J. White	Annual Award	-SPLIT-	-226.58
Check	12/18/2003	2186	Magic Communications, LLC	Personnel Workshop Presentation Deposit	Loss Control / Training	-750.00
Check	12/18/2003	2187	Utah Safety Council	Invoice Number: 77230	Loss Control / Training	-255.00
Check	12/18/2003	2188	By The Numbers Actuarial Consulting, Inc.	Invoice Number: 2003-115	Actuarial Analysis	-4,000.00
Check	12/18/2003	2189	Verizon Wireless	Invoice Number: 1825478002	Telephone	-38.86
Check	12/18/2003	2190	Verizon Wireless	Invoice Number: 1825745124	Telephone	-65.26
Check	12/18/2003	2191	Glyphics Communications	Statement Number: 1028164	Telephone	-37.46
Check	12/18/2003	2192	Suittler Axland	Invoice Numbers: 1264334	-SPLIT-	-7,450.23
Check	12/18/2003	2193	Lester J. Nixon	Reimbursable Expenses	-SPLIT-	-123.48
Check	12/18/2003	2194	Sonya J. White	Reimbursable Expenses	-SPLIT-	-149.89
Check	12/18/2003	2195	Arthur J. Gallagher & Co.	Invoice Number: 53390	Airport Liability	-4,950.00
Check	12/18/2003	2196	A La Carte Catering	Invoice Numbers: 2003	-SPLIT-	-432.50
Total WF-Expense						-92,917.90
<b>TOTAL</b>						<b>-92,917.90</b>

